Senate

General Assembly

File No. 902

January Session, 2025

Substitute Senate Bill No. 1560

Senate, May 12, 2025

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CONNECTICUT'S ECONOMY, ELECTRICITY AFFORDABILITY AND BUSINESS COMPETITIVENESS AND ESTABLISHING THE CONNECTICUT ENERGY PROCUREMENT AUTHORITY AND THE GREEN BOND FUND.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective July 1, 2025*) It is found and declared that:

(1) An energy affordability crisis exists in the state that is creating financial strain on households, undermining business competitiveness and hindering state-wide economic growth. Therefore, it is in the public interest to adopt policies designed to reduce the cost of electricity for consumers in the state;

(2) Electricity rates in the state are greatly impacted by structural inefficiencies in the procurement of electricity generation services and the recovery of costs related to transmission and distribution infrastructure and operating costs. Ratepayers in the state pay for, in effect, an electric system that meets peak demand usage that is twice the

capacity of the average daily use in the state. This inefficient utilization of the electric transmission and distribution systems directly increases ratepayer costs;

(3) In addition to system and regulatory inefficiencies, changes in electric demand also disadvantage ratepayers. While individual electric customers who purchase, install or lease solar photovoltaic systems may derive significant benefits from such systems, the associated reduction in sales of kilowatt hours by electric distribution companies has resulted in increased electric rates for the remaining ratepayers;

(4) The adoption of electrification policies can reduce rates across the electric distribution system by increasing the number of kilowatt hours of electricity sold in a way that is responsive to demand and makes efficient use of the existing electrical distribution and transmission infrastructure. Such policies may include (A) supporting the development of high-voltage fast-charging electric vehicle infrastructure, (B) encouraging commercial and residential electric customers to convert heating and cooling systems to heat pump technology, and (C) promoting smart meters to fully enable dynamic electricity pricing structures; and

(5) Prior to the adoption of this act, no single entity is responsible for coordinating procurement strategy, grid infrastructure investment, smart electric load growth and consumer engagement to lower electric system costs in the state. The establishment of the Connecticut Energy Procurement Authority will address this systemic gap. The authority will serve as the state's central architect for building a more efficient, cost-effective electric system that actively aligns procurement, grid operations and customer behavior with the goals of affordability, reliability and decarbonization. Operating with a market-oriented mandate, the authority will harness customer and system load data, assist in developing dynamic pricing and competitive market tools to reduce costs, improve infrastructure utilization through smart electric load growth and lower peak electric demand.

Sec. 2. (NEW) (*Effective July 1, 2025*) As used in sections 3 to 10,

inclusive, of this act:

(1) "Authority" means the Connecticut Energy Procurement Authority established pursuant to section 3 of this act;

(2) "Board" means the board of directors of the authority;

(3) "Commissioner" means the Commissioner of Energy and Environmental Protection;

(4) "Demand charge" means an electric billing component that is determined based on an electric customer's peak electricity use during on-peak hours;

(5) "Electric distribution company" has the same meaning as provided in section 16-1 of the general statutes, as amended by this act;

(6) "Federally mandated congestion charges" has the same meaning as provided in section 16-1 of the general statutes, as amended by this act;

(7) "On-peak hours" means the period of time between the hours of four o'clock p.m. to seven o'clock p.m. on weekdays;

(8) "Off-peak hours" means any hours that are not on-peak hours;

(9) "Regional independent system operator" has the same meaning as provided in section 16-1 of the general statutes, as amended by this act;

(10) "Smart meter" means an electric meter that (A) provides real-time electricity consumption data, (B) collects and stores interval load data on a specific customer for purposes of implementing time-of-use rates for both electric generation and electric transmission and distribution services, and (C) provides for customer-specific load interval data when billing for electric generation services;

(11) "System load factor" means the ratio of average electric demand to peak electric demand over a given period of time; and

(12) "Time-of-use rate" means a rate structure where electricity prices vary by time of day.

Sec. 3. (NEW) (*Effective July 1, 2025*) (a) There is created a body politic and corporate to be known as the "Connecticut Energy Procurement Authority". Said authority is constituted a public instrumentality and political subdivision of this state and the exercise by the authority of the powers conferred by this section and sections 4 to 10, inclusive, of this act shall be deemed and held to be the performance of an essential public and governmental function. The Connecticut Energy Procurement Authority shall not be construed to be a department, institution or agency of the state.

(b) The board of directors of the authority shall consist of seven members as follows:

(1) One appointed by the Governor, who owns a business domiciled in the state and is a retail customer of an electric distribution company;

(2) One appointed by the speaker of the House of Representatives, who has expertise in energy conservation and electric demand-side management;

(3) One appointed by the president pro tempore of the Senate, who has expertise in renewable energy economics and electricity storage financing;

(4) One appointed by the majority leader of the House of Representatives, who has a background in legal matters concerning electricity transmission and distribution;

(5) One appointed by the majority leader of the Senate, who has experience in electricity rate-making methodologies, rate tariff design and revenue recovery methodologies;

(6) One appointed by the minority leader of the House of Representatives, who has expertise in wholesale electricity trading; and

(7) One appointed by the minority leader of the Senate, who has experience in data analytics and electric infrastructure investment.

(c) The chairperson of the board shall be appointed by the Governor. The board shall annually elect one of its appointed members to serve as vice-chairperson of the board. The Governor or appointing member of the General Assembly, as the case may be, shall fill any vacancy for the unexpired term. A member of the board shall be eligible for reappointment. Any member of the board may be removed by the Governor or appointing member of the General Assembly, as the case may be, for misfeasance, malfeasance or wilful neglect of duty. Each member of the board, before entering upon such member's duties, shall take and subscribe the oath of affirmation required by article XI, section 1, of the state Constitution. A record of each such oath shall be filed in the office of the Secretary of the State. The Commissioner of Energy and Environmental Protection, or the commissioner's designee, shall be an ex-officio member of the board and shall attend the board's meetings. The board shall meet not less than quarterly.

(d) (1) The powers of the authority shall be vested in the board. The board may hold such meetings and public hearings as the board deems desirable and at locations in the state as determined by the board. The authority shall develop and maintain an Internet web site and, not later than five days before any meeting or public hearing of the board, post on said Internet web site the location of, notice of and the agenda for each such meeting or public hearing.

(2) A majority of the board shall constitute a quorum at any meeting of the board. Action may be taken, motions voted and resolutions adopted by the board at any meeting of the board by vote of a majority of the members present, unless in any case any bylaws adopted by the board require a larger number for adoption.

(3) The board may adopt, on a prospective basis, methods of voting for all or specifically designated matters. Any such methods shall be specified in the bylaws unanimously adopted by the board.

(4) Not later than five days after a meeting or hearing of the board, the authority shall post the minutes of such meeting or hearing on the authority's Internet web site, including any actions taken, motions voted and resolutions adopted.

(e) The board may appoint and employ a chief executive officer, a treasurer, a secretary, a general counsel and such officers, advisors, consultants and other agents and employees as the board may deem necessary, and the board shall determine their qualifications, terms of office, duties and compensation. In selecting such officers, advisors, consultants, agents or employees, the board shall give preference to individuals with experience in wholesale and retail electric procurement and generation services, development of dynamic time-of-use rates, electric load growth strategy development, data analytics concerning customer behaviors, electric rate design, electric transmission and distribution planning, advanced electric metering and economics.

(f) Any necessary and related administrative and operational expenses incurred by the authority may be paid from funds from the Energy Infrastructure Transition Fund established pursuant to section 33 of this act.

(g) All initial appointments to the board shall be made not later than January 1, 2026. The initial terms of the members shall be as follows: (1) Those appointed by the Governor shall serve for one year; (2) those appointed by the minority leaders of the Senate and House of Representatives shall serve for two years; (3) those appointed by the president pro tempore of the Senate and the majority leader of the House of Representatives shall serve for three years; and (4) those appointed by the majority leader of the Senate and the speaker of the House of Representatives shall serve for four years. Terms following the initial terms shall be for four years. Each board member shall hold office for the term for which the member was appointed and until the member's successor has been appointed and has qualified. A board member may be removed by the appointing authority only for inefficiency or neglect of duty or misconduct in office. Any member to

be removed pursuant to this subsection shall be given a written notice of the reason for such proposed removal not sooner than ten days before such removal and the opportunity, in person or by legal counsel, to be heard concerning such removal by the board.

(h) Not less than biennially, the authority shall cause a forensic examination to be conducted by a certified forensic auditor, which shall include a review of the revenue and expenditures of the authority for the preceding two years. The auditor shall submit a report including a review of whether such authority's operating procedures conform with the provisions of sections 3 to 10, inclusive, of this act and the bylaws adopted by the board and any recommendations for any corrective actions needed to ensure such conformance. The auditor shall not be required to perform a full financial audit of the two-year period or submit an opinion regarding the financial statements or a management letter. Not later than seven days after the authority receives such report from such auditor, the authority shall post such report on its Internet web site.

(i) The authority shall annually provide the following, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy and technology: (1) A list of the current members and officers of the board; (2) a copy of the most recent audited financial statements, management letter and reports of the authority; (3) a copy of any conflicts of interest policy of the authority; (4) a copy of the bylaws adopted by the board, if such bylaws have been adopted or amended in the preceding year; and (5) as to any employee of the authority, a report listing the position of each employee and the amount of the salary, wages and fringe benefit expenses paid to each such employee.

Sec. 4. (NEW) (*Effective July 1, 2025*) The Connecticut Energy Procurement Authority shall have the powers to:

(1) Have perpetual succession as a body politic and corporate and to adopt and from time to time amend and repeal bylaws, policies and

procedures for the regulations of its affairs and the conduct of its business;

(2) Adopt and have a common seal and to alter the same;

(3) Sue and be sued;

(4) Contract and be contracted with;

(5) Develop and implement a plan that allows for the dynamic procurement of electric generation services and related wholesale electricity market products in a manner that reduces the average cost of standard service while maintaining standard service cost volatility within reasonable levels, as determined by the authority;

(6) Investigate the desirability of and necessity for additional sources and supplies of electric power, and to make such studies, surveys and estimates as may be necessary to determine the feasibility and cost of any such additional sources and supplies of electric power for the purpose of developing and implementing an electric procurement portfolio sufficient to provide an alternative to standard service, as described in section 16-244c of the general statutes, which shall include the execution of contracts with electric generators, suppliers, wholesalers or aggregators for the provision of electricity to customers in the state;

(7) Cooperate with private electric utilities, municipal electric utilities, the regional independent system operator and other public or private electric power entities, within and without the state, or with any person without the state, in the development of such sources and supplies of electric power;

(8) Study and report on electric customer usage patterns and the efficacy of investments in electrification projects and grid-scale electricity storage projects;

(9) Develop and implement policies and incentives to encourage (A) the dispatch of energy generated by distributed solar photovoltaic

systems installed behind customer electric meters for the purpose of increasing the system load factor, (B) the adoption of alternative air conditioning technologies, including, but not limited to, ice storage, (C) smart electric load growth by not less than one per cent per year, and (D) the achievement of greenhouse gas reduction goals established under section 22a-200a of the general statutes by promoting the adoption of technologies and policies that will lead to an average annual reduction of greenhouse gas emissions by not less than one million one hundred thousand metric tons of carbon dioxide equivalent for the period between 2022 and 2030;

(10) Study and report on methods to promote business growth in the state through electric load growing energy policies;

(11) Mandate, develop and recommend to the Public Utilities Regulatory Authority time-of-use rate tariff structures, for both electric generation services and transmission and distribution services, based on on-peak and off-peak usage designed to create electric customer demand elasticity by encouraging electricity usage in off-peak hours and discouraging electricity usage in on-peak hours. For the purposes of time-of-use electric generation rate design, on-peak electric service rates shall be a minimum of three hundred per cent higher than off-peak rates;

(12) Administer the Electric Rate Stabilization Fund created pursuant to section 9 of this act for the purpose of reducing the volatility of increases and decreases in electric generation service costs during periods of higher and lower electricity demand throughout the calendar year;

(13) Administer the Energy Infrastructure Transition Fund created pursuant to section 33 of this act for the purpose of supporting (A) the adoption of smart meter infrastructure and electric billing system upgrades, (B) distribution system and substation upgrades, (C) efforts to increase the electrification of transportation in the state, including incentives for the adoption of rapid electric vehicle charging stations and electric distribution infrastructure supporting such stations, (D)

efforts to increase the electrification of residential and commercial heating and cooling systems in the state, including incentives for the conversion of such systems into heat pump systems, and (E) the installation of battery storage systems for residential and commercial customers for the purpose of reducing peak electric demand;

(14) (A) Mandate and oversee the adoption of smart meters for the purpose of implementing time-of-use rates, (B) design a customer education and engagement program to be implemented by electric distribution companies that informs electric customers of the benefits of smart meters and time-of-use rates, (C) advocate and participate in the development of time-of-use pricing to optimize customer price elasticity, and (D) promote electric load-shifting behavior by customers;

(15) Establish a consumer advisory panel for purposes of educating electric consumers on (A) smart meters, including data access and functionality, (B) opportunities to reduce electricity costs through the utilization of time-of-use rates, (C) opportunities for customers to reduce their impact on (i) greenhouse gas emissions, and (ii) the installed capacity payments that constitute a portion of the federally mandated congestion charges, as defined in section 16-1 of the general statutes, as amended by this act, and (D) other opportunities for electric consumers as the authority deems advisable;

(16) Procure from any state or federal agency any consents, authorizations or approvals that may be requisite to enable any project within its powers to be carried forward;

(17) Do and perform any acts and things authorized by this act under, through or by means of its board, officers, agents or employees;

(18) Acquire, hold, use and dispose of its income, revenues, funds and moneys;

(19) Acquire, own, hire, use, operate and dispose of personal property;

(20) Acquire, own, use, lease, operate and dispose of real property

and interests in real property, and to make improvements thereon;

(21) Grant the use, by lease or otherwise, and to make charges for the use, of any property or facility owned or controlled by the authority;

(22) Borrow money and to execute promissory notes in the name of the authority;

(23) Procure insurance against any losses in connection with its property, operations or assets in such amounts and from such insurers as the board deems desirable;

(24) Contract for and to accept any gifts or grants or loans of funds or property or financial or other aid in any form from the United States or any agency or instrumentality thereof, or from any other source, and to comply, subject to the provisions of this chapter, with the terms and conditions thereof;

(25) Guarantee, in connection with any project, the punctual payment of the principal of and interest on the indebtedness or other contractual obligations of any of the participants in such project; and

(26) Exercise all other powers not inconsistent with the State Constitution or the United States Constitution, which may be reasonably necessary or appropriate for or incidental to the effectuation of its authorized purposes or to the exercise of any of the foregoing powers, and generally to exercise in connection with its property and affairs, and in connection with property within its control, any and all powers that might be exercised by a natural person or a private corporation in connection with similar property and affairs.

Sec. 5. (NEW) (*Effective July 1, 2025*) No representative, officer or employee of the authority shall have or acquire any personal interest, direct or indirect, in any project or in any property included or planned to be included in any project or in any contract or proposed contract for materials or services to be furnished to or used by the authority, provided the holding of any office or employment in the government of any municipal electric utility or in any municipal electric energy

cooperative under any law of the state shall not be deemed a disqualification for board membership or employment by the authority.

Sec. 6. (NEW) (*Effective July 1, 2025*) The authority may, by vote of the board, reimburse members of the board for necessary expenses incurred in the discharge of their duties and pay a reasonable, uniformly applicable stipend to such board member for their service on the board as provided in this section.

Sec. 7. (NEW) (*Effective July 1, 2025*) The Connecticut Energy Procurement Authority shall, for the purposes of chapter 62 of the general statutes, be subject to the authority of the State Contracting Standards Board established under section 4e-2 of the general statutes.

Sec. 8. (NEW) (*Effective July 1, 2025*) (a) The Connecticut Energy Procurement Authority shall, in consultation with the Public Utilities Regulatory Authority, design a customer education and engagement program for the purpose of informing electric distribution customers of the benefits of smart meters and time-of-use rates and encouraging such customers to utilize such meters and such rates. The program design shall include (1) approved methods of customer outreach, education and engagement activities, (2) a requirement that electric distribution companies develop an electronic application that notifies customers of the electric distribution company, in real time, of energy saving opportunities based on electric transmission and distribution system factors, (3) objective performance standards regarding the program implementation, (4) mandatory reporting requirements for electric distribution companies concerning such companies' compliance with the program requirements, including the submission of documentation or data as required by the Public Utilities Regulatory Authority, and (5) a process under which the Connecticut Energy Procurement Authority certifies that an electric distribution company is in compliance with this section.

(b) Upon approval by the Connecticut Energy Procurement Authority and the Public Utilities Regulatory Authority, the program shall be administered by the electric distribution companies.

Sec. 9. (NEW) (*Effective July 1, 2025*) (a) There is established a fund to be known as the "Electric Rate Stabilization Fund". The fund shall be administered by the Connecticut Energy Procurement Authority for the purpose of reducing volatility in electric generation service costs for residents and businesses in the state who receive standard service as described in section 16-244c of the general statutes.

(b) The authority shall develop and implement a methodology for accumulating excess electric generation service revenues during lower cost off-peak periods, on both a seasonal and hourly basis, and disbursing funds to offset higher electric generation prices during peak summer and winter months for the purpose of ensuring stable electric generation prices to ratepayers across all customer classes.

(c) Amounts in the fund shall be derived from the following sources:

(1) Assessments collected in connection with power purchase agreements approved by the Connecticut Energy Procurement Authority;

(2) Allocations from any federal funds designated for energy cost stabilization, grid resilience or consumer rate relief;

(3) Interest derived from the investment of the fund; and

(4) Voluntary contributions from electric distribution companies.

(d) Not later than January first of each year, the authority shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy and technology, detailing the financial status of the fund, sources of revenue, disbursements made and recommendations for future appropriations or modifications.

(e) The Office of Policy and Management, in coordination with the authority, shall conduct a biennial review of the fund to assess its effectiveness in stabilizing electric rates and recommend any necessary

statutory or regulatory adjustments.

Sec. 10. (NEW) (*Effective July 1, 2025*) (a) (1) On and after July 1, 2027, and annually thereafter, the Connecticut Energy Procurement Authority shall, in consultation with each electric distribution company, and others at the authority's discretion, including, but not limited to, the Commissioner of Energy and Environmental Protection, a municipal energy cooperative established pursuant to chapter 101a of the general statutes, other than entities, individuals and companies or their affiliates potentially involved in bidding on standard service, shall develop a plan for the procurement of electric generation services and related wholesale electricity market products in a manner that reduces the average cost of standard service while maintaining standard service cost volatility within reasonable levels. Each procurement plan shall provide for the competitive solicitation for load-following electric service and may include a provision for the use of other contracts, including, but not limited to, contracts for generation or other electricity market products and financial contracts and may provide for the use of varying lengths of contracts. If such plan includes the purchase of full requirements contracts, it shall include an explanation of why such purchases are in the best interests of standard service customers.

(2) All reasonable costs associated with the development of the procurement plan by the authority shall be paid from the Green Bond Fund established pursuant to section 16-245*l* of the general statutes, as amended by this act.

(b) The costs of procurement for standard service shall be borne solely by the standard service customers.

(c) The authority shall report annually, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to commerce, energy and technology, and finance, revenue and bonding regarding the procurement plan and its implementation. Any such report may be submitted electronically.

Sec. 11. Subdivision (1) of subsection (a) of section 16-244m of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(a) (1) On or before January 1, 2012, and annually thereafter, until July 1, 2027, the procurement manager of the Public Utilities Regulatory Authority, in consultation with each electric distribution company, and others at the procurement manager's discretion, including, but not limited to, the Commissioner of Energy and Environmental Protection, a municipal energy cooperative established pursuant to chapter 101a, other than entities, individuals and companies or their affiliates potentially involved in bidding on standard service, shall develop a plan for the procurement of electric generation services and related wholesale electricity market products that will enable each electric distribution company to manage a portfolio of contracts to reduce the average cost of standard service while maintaining standard service cost volatility within reasonable levels. Each Procurement Plan shall provide for the competitive solicitation for load-following electric service and may include a provision for the use of other contracts, including, but not limited to, contracts for generation or other electricity market products and financial contracts, and may provide for the use of varying lengths of contracts. If such plan includes the purchase of full requirements contracts, it shall include an explanation of why such purchases are in the best interests of standard service customers.

Sec. 12. Subdivision (20) of section 16-1 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(20) "Class I renewable energy source" means (A) electricity derived from (i) solar power, (ii) wind power, (iii) a fuel cell, (iv) geothermal, (v) landfill methane gas, anaerobic digestion or other biogas derived from biological sources, (vi) thermal electric direct energy conversion from a certified Class I renewable energy source, (vii) ocean thermal power, (viii) wave or tidal power, (ix) low emission advanced renewable energy conversion technologies, including, but not limited to, zero emission

low grade heat power generation systems based on organic oil free rankine, kalina or other similar nonsteam cycles that use waste heat from an industrial or commercial process that does not generate electricity, (x) (I) a run-of-the-river hydropower facility that began operation after July 1, 2003, has a generating capacity of not more than sixty megawatts, is not based on a new dam or a dam identified by the Commissioner of Energy and Environmental Protection as a candidate for removal, and meets applicable state and federal requirements, including state dam safety requirements and applicable site-specific standards for water quality and fish passage, or (II) a run-of-the-river hydropower facility that received a new license after January 1, 2018, under the Federal Energy Regulatory Commission rules pursuant to 18 CFR 16, as amended from time to time, is not based on a new dam or a dam identified by the Commissioner of Energy and Environmental Protection as a candidate for removal, and meets applicable state and federal requirements, including state dam safety requirements and applicable site-specific standards for water quality and fish passage, (xi) a biomass facility that uses sustainable biomass fuel and has an average emission rate of equal to or less than .075 pounds of nitrogen oxides per million BTU of heat input for the previous calendar quarter, except that energy derived from a biomass facility with a capacity of less than five hundred kilowatts that began construction before July 1, 2003, may be considered a Class I renewable energy source, or (xii) a nuclear power generating facility **[**constructed on or after October 1, 2023**]** <u>located in the state</u>, or (B) any electrical generation, including distributed generation, generated from a Class I renewable energy source, provided, on and after January 1, 2014, any megawatt hours of electricity from a renewable energy source described under this subparagraph that are claimed or counted by a load-serving entity, province or state toward compliance with renewable portfolio standards or renewable energy policy goals in another province or state, other than the state of Connecticut, shall not be eligible for compliance with the renewable portfolio standards established pursuant to section 16-245a;

Sec. 13. (NEW) (*Effective July 1, 2025*) In any proceeding of the Public

Utilities Regulatory Authority on and after July 1, 2025, to establish or approve tariffs that include a credit for any amount of energy produced by a facility and not consumed, such credit shall be allowed against electric supply costs for an end use customer and shall not be allowed against any distribution cost, transmission cost or any other cost associated with the delivery of electric service to such customer, including any component of the charge known as the "combined public benefits charge" on consumer electric bills. Nothing in this section shall be construed to require the alteration of any such tariff approved by the authority before July 1, 2025.

Sec. 14. Subdivision (3) of subsection (a) of section 16-245d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(3) Not later than August 1, **[**2023**]** 2025, each electric distribution company shall use a total of four categories as part of the standard billing format for all residential customers, one of which shall relate to charges for generation of electricity, one of which shall relate to charges for local distribution of electricity, and one of which shall relate to charges for transmission of electricity, and one of which shall relate to **[**system benefits and the subset of federally mandated congesting**]** any other charges approved by the authority pursuant to any provision of the general statutes, public act or special act. The authority shall require that each electric distribution company's standard billing format for residential customers identify each charge and the corresponding category in accordance with the authority's determinations. The authority, in a docket reopened pursuant to subdivision (2) of this subsection, may modify the categories described in this subdivision if the authority finds that such modification improves customer understanding of the components of the electric bill or customer understanding of what costs are causing increases to the total amount of a customer's bill.

Sec. 15. (NEW) (*Effective July 1, 2025*) Notwithstanding any provision of title 16 of the general statutes, on and after October 1, 2025, any costs

associated with federally mandated congestion charges, as defined in section 16-1 of the general statutes, as amended by this act, shall be (1) removed from consumer electric bills, and (2) paid from the Green Bond Fund established pursuant to section 16-245*l* of the general statutes, as amended by this act.

Sec. 16. Section 16-245*l* of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(a) As used in this section:

(1) "Green Bond Fund" or "fund" means the fund established by the Public Utilities Regulatory Authority pursuant to subsection (b) of this section;

(2) "Displaced worker protection costs" means the reasonable costs incurred, prior to January 1, 2008, (A) by an electric supplier, exempt wholesale generator, electric company, an operator of a nuclear power generating facility in this state or a generation entity or affiliate arising from the dislocation of any employee other than an officer, provided such dislocation is a result of (i) restructuring of the electric generation market and such dislocation occurs on or after July 1, 1998, or (ii) the closing of a Title IV source or an exempt wholesale generator, as defined in 15 USC 79z-5a, on or after January 1, 2004, as a result of such source's failure to meet requirements imposed as a result of this section and sections 22a-197 and 22a-198 or those Regulations of Connecticut State Agencies adopted by the Department of Energy and Environmental Protection, as amended from time to time, in accordance with Executive Order Number 19, issued on May 17, 2000, and provided further such costs result from either the execution of agreements reached through collective bargaining for union employees or from the company's or entity's or affiliate's programs and policies for nonunion employees, and (B) by an electric distribution company or an exempt wholesale generator arising from the retraining of a former employee of an unaffiliated exempt wholesale generator, which employee was involuntarily dislocated on or after January 1, 2004, from such wholesale generator, except for cause. "Displaced worker protection costs"

includes costs incurred or projected for severance, retraining, early retirement, outplacement, coverage for surviving spouse insurance benefits and related expenses.

[(a)**]** (b) The Public Utilities Regulatory Authority shall establish and **[**each electric distribution company shall collect a systems benefits charge to be imposed against all end use customers of each electric distribution company beginning January 1, 2000. The authority shall hold a hearing that shall be conducted as a contested case in accordance with chapter 54 to establish the amount of the systems benefits charge. The authority may revise the systems benefits charge or any element of said charge as the need arises. Commencing on July 1, 2015, and annually thereafter, the sum of two million one hundred thousand dollars shall be transferred from the systems benefits charge to Operation Fuel, Incorporated, for energy assistance, provided two hundred thousand dollars of such sum may be used for administrative purposes. The systems benefits charge**]** administer a fund to be known as the "Green Bond Fund" to pay expenses incurred in connection with programs that benefit the operation of the electric grid in the state, promote energy efficiency and benefit ratepayers as set forth in subsections (c) and (d) of this section. Not later than October 1, 2025, the authority shall develop and implement a methodology for disbursing funds to pay for such expenses. The authority shall administer the fund in such a way as to limit the annual expenditures from the fund to eight hundred million dollars or less.

(c) The Green Bond Fund shall **[**also**]** be used to fund (1) the expenses of the public education outreach program developed under section 16-244d other than expenses for authority staff, (2) the cost of hardship protection measures under sections 16-262c, as amended by this act, and 16-262d and other hardship protections, including, but not limited to, electric service bill payment programs, funding and technical support for energy assistance, fuel bank and weatherization programs and weatherization services, (3) the payment program to offset tax losses described in section 12-94d, as amended by this act, (4) any sums paid to a resource recovery authority pursuant to subsection (b) of section 16-

243e, as amended by this act, (5) low income conservation programs approved by the Public Utilities Regulatory Authority, (6) displaced worker protection costs, (7) unfunded storage and disposal costs for spent nuclear fuel generated before January 1, 2000, approved by the appropriate regulatory agencies, (8) postretirement safe shutdown and site protection costs that are incurred in preparation for decommissioning, (9) decommissioning fund contributions, (10) costs associated with the Connecticut electric efficiency partner program established pursuant to section 16-243v, as amended by this act, (11) reinvestments and investments in energy efficiency programs and technologies pursuant to section 16a-38*l*, as amended by this act, costs associated with the electricity conservation incentive program established pursuant to section 119 of public act 07-242, (12) legal, appraisal and purchase costs of a conservation or land use restriction and other related costs as the authority in its discretion deems appropriate, incurred by a municipality on or before January 1, 2000, to ensure the environmental, recreational and scenic preservation of any reservoir located within this state created by a pump storage hydroelectric generating facility, **[**and**]** (13) the residential furnace and boiler replacement program pursuant to subsection (k) of section 16-243v, as amended by this act, **[**. As used in this subsection, "displaced worker protection costs" means the reasonable costs incurred, prior to January 1, 2008, (A) by an electric supplier, exempt wholesale generator, electric company, an operator of a nuclear power generating facility in this state or a generation entity or affiliate arising from the dislocation of any employee other than an officer, provided such dislocation is a result of (i) restructuring of the electric generation market and such dislocation occurs on or after July 1, 1998, or (ii) the closing of a Title IV source or an exempt wholesale generator, as defined in 15 USC 79z-5a, on or after January 1, 2004, as a result of such source's failure to meet requirements imposed as a result of sections 22a-197 and 22a-198 and this section or those Regulations of Connecticut State Agencies adopted by the Department of Energy and Environmental Protection, as amended from time to time, in accordance with Executive Order Number 19, issued on May 17, 2000, and provided further such costs

result from either the execution of agreements reached through collective bargaining for union employees or from the company's or entity's or affiliate's programs and policies for nonunion employees, and (B) by an electric distribution company or an exempt wholesale generator arising from the retraining of a former employee of an unaffiliated exempt wholesale generator, which employee was involuntarily dislocated on or after January 1, 2004, from such wholesale generator, except for cause. "Displaced worker protection costs" includes costs incurred or projected for severance, retraining, early retirement, outplacement, coverage for surviving spouse insurance benefits and related expenses**]** (14) the federally mandated congestion charges, as defined in section 16-1, as amended by this act, (15) expenses associated with any power purchase agreement between an electric distribution company and a nuclear power generating facility approved by the authority pursuant to section 16a-3m, as amended by this act, (16) expenses associated with the Conservation and Load Management Plan, as approved pursuant to section 16-245m, as amended by this act, and (17) expenses associated with the operation of the Clean Energy Fund pursuant to section 16-245n, as amended by this act.

[(b) The amount of the systems benefits charge shall be determined by the authority in a general and equitable manner and shall be imposed on all end use customers of each electric distribution company at a rate that is applied equally to all customers of the same class in accordance with methods of allocation in effect on July 1, 1998, provided the system benefits charge shall not be imposed on customers receiving services under a special contract which is in effect on July 1, 1998, until such special contracts expire. The system benefits charge shall be imposed beginning on January 1, 2000, on all customers receiving services under a special contract which are entered into or renewed after July 1, 1998. The systems benefits charge shall have a generally applicable manner of determination that may be measured on the basis of percentages of total costs of retail sales of generation services. The systems benefits charge shall be payable on an equal basis on the same payment terms and shall be eligible or subject to prepayment on an equal basis. Any exemption of the systems benefits charge by customers under a special contract

shall not result in an increase in rates to any customer.**]**

(d) Commencing on July 1, 2025, and annually thereafter, the sum of two million one hundred thousand dollars shall be transferred from the Green Bond Fund to Operation Fuel, Incorporated, for energy assistance, provided two hundred thousand dollars of such sum may be used for administrative purposes.

Sec. 17. Subsection (d) of section 12-94d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(d) On or before June fifteenth, annually, following the assessment date for which the value of an electric generation facility decreases as a direct result of restructuring of the electric industry, the assessor or board of assessors of a municipality in which such a facility is located shall certify to the Secretary of the Office of Policy and Management, on a form furnished by the secretary, the amount as computed in subsection (c) of this section together with supporting information as the secretary may require. The secretary may reevaluate any such facility when, in the secretary's judgment, the valuation is inaccurate. The secretary shall review each claim and modify the value of any facility included therein when, in the secretary's judgment, the value is inaccurate or the facility did not decrease in value as a direct result of restructuring of the electric industry. Not later than July first next succeeding the assessment date for which the amount was approved by the assessor or assessors, the secretary shall notify the municipality in which the facility is located of the modification, in accordance with the procedure set forth in subsection (e) of this section. The secretary shall, on or before July fifteenth, annually, certify to the Public Utilities Regulatory Authority the amount due the municipality under the provisions of this section, including any modification of such amount made prior to July first, and the authority shall order the payment of such amount by the appropriate electric distribution company to the municipality in which the facility is located according to the following formula: Not later than five business days following the date on which

the taxes are paid by the owner of an electric generation facility in July, but in no case prior to July fifteenth, the balance required to equal an amount equal to half of the amount of tax for which the owner of an electric generation facility is liable under this chapter with respect to such facility plus half of the amount calculated in subsection (c) of this section; on or before the thirty-first day of January immediately following, the balance required to equal an amount equal to half of the amount of tax for which the owner of an electric generation facility is liable under this chapter with respect to such facility plus half of the amount calculated in subsection (c) of this section. Following the payment of taxes by the owner of an electric generation facility in July, the town shall certify to the Public Utilities Regulatory Authority the amount paid by such owner of an electric generation facility. The amount paid shall be recovered by the electric distribution company **[**through the systems benefits charge**]** from the Green Bond Fund established pursuant to section 16-245*l*, as amended by this act. If any modification is made as the result of the provisions of this section on or after the July fifteenth following the date on which the assessor has provided the amount in question, any adjustments to the amount due to a municipality for the period for which such modification was made shall be made in the next payment the electric distribution company shall make to such municipality pursuant to this section.

Sec. 18. Subsection (d) of section 16-24a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(d) The cost of low-income and discounted rates and related outreach activities pursuant to this section shall be paid (1) through the normal rate-making procedures of the department, (2) on a semiannual basis **[**through the systems benefits charge for an electric distribution company**]** from the Green Bond Fund established under section 16-245*l*, as amended by this act, and (3) solely from the funds of the programs modified, terminated or reduced by the department pursuant to this section and the reduced cost of providing service to those eligible for such discounted or low-income rates, any available energy assistance

and other sources of coverage for such rates, including, but not limited to, generation available through the electricity purchasing pool operated by the department.

Sec. 19. Subsection (b) of section 16-243e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(b) Not later than October 1, 2000, and annually thereafter, the authority shall calculate the difference between the amount paid by the electric distribution company pursuant to each such contract in effect during the preceding fiscal year for electricity generated at the facility from waste that originated within such franchise area and the amount that would have been paid had the company been obligated to pay the rate in effect during calendar year 1999, as determined by the authority. The difference, if positive, shall be recovered **[**through the systems benefits charge**]** from the Green Bond Fund established under section 16-245*l*, as amended by this act, and remitted to the regional resource recovery authority acting on behalf of member municipalities.

Sec. 20. Section 16-243h of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

On and after January 1, 2000, and until December 31, 2021, each electric supplier or any electric distribution company providing standard offer, transitional standard offer, standard service or back-up electric generation service, pursuant to section 16-244c, shall give a credit for any electricity generated by a customer from a Class I renewable energy source or a hydropower facility that has a nameplate capacity rating of two megawatts or less for a term ending on December 31, 2041, provided any customer that has a contract approved by the Public Utilities Regulatory Authority pursuant to section 16-244r on or before December 31, 2021, shall be eligible for such credit. The electric distribution company providing electric distribution services to such a customer shall make such interconnections necessary to accomplish such purpose. An electric distribution company, at the request of any residential customer served by such company and if necessary to

implement the provisions of this section, shall provide for the installation of metering equipment that (1) measures electricity consumed by such customer from the facilities of the electric distribution company, (2) deducts from the measurement the amount of electricity produced by the customer and not consumed by the customer, and (3) registers, for each billing period, the net amount of electricity either (A) consumed and produced by the customer, or (B) the net amount of electricity produced by the customer. If, in a given monthly billing period, a customer-generator supplies more electricity to the electric distribution system than the electric distribution company or electric supplier delivers to the customer-generator, the electric distribution company or electric supplier shall credit the customer-generator for the excess by reducing the customer-generator's bill for the next monthly billing period to compensate for the excess electricity from the customer-generator in the previous billing period at a rate of one kilowatt-hour for one kilowatt-hour produced. The electric distribution company or electric supplier shall carry over the credits earned from monthly billing period to monthly billing period, and the credits shall accumulate until the end of the annualized period. At the end of each annualized period, the electric distribution company or electric supplier shall compensate the customer-generator for any excess kilowatt-hours generated, at the avoided cost of wholesale power. A customer who generates electricity from a generating unit with a nameplate capacity of more than ten kilowatts of electricity pursuant to the provisions of this section shall be assessed for the competitive transition assessment, pursuant to section 16-245g, as amended by this act, **[**and the systems benefits charge, pursuant to section 16-245*l*,**]** based on the amount of electricity consumed by the customer from the facilities of the electric distribution company without netting any electricity produced by the customer. For purposes of this section, "residential customer" means a customer of a single-family dwelling or multifamily dwelling consisting of two to four units. The Public Utilities Regulatory Authority shall establish a rate on a cents-per-kilowatt-hour basis for the electric distribution company to purchase the electricity generated by a customer pursuant to this section after December 31, 2041.

Sec. 21. Section 16-243v of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(a) For purposes of this section: (1) "Connecticut electric efficiency partner program" means the coordinated effort among the Public Utilities Regulatory Authority, persons and entities providing enhanced demand-side management technologies, and electric consumers to conserve electricity and reduce demand in Connecticut through the purchase and deployment of energy efficient technologies; (2) "enhanced demand-side management technologies" means demand-side management solutions, customer-side emergency dispatchable generation resources, customer-side renewable energy generation, load shifting technologies and conservation and load management technologies that reduce electric distribution company customers' electric demand, and high efficiency natural gas and oil boilers and furnaces; and (3) "Connecticut electric efficiency partner" means an electric distribution company customer who acquires an enhanced demand-side management technology or a person, other than an electric distribution company, that provides enhanced demand-side management technologies to electric distribution company customers.

(b) The Energy Conservation Management Board, in consultation with the Renewable Energy Investments Advisory Committee, shall evaluate and approve enhanced demand-side management technologies that can be deployed by Connecticut electric efficiency partners to reduce electric distribution company customers' electric demand. Such evaluation shall include an examination of the potential to reduce customers' demand, federally mandated congestion charges and other electric costs. On or before October 15, 2007, the Energy Conservation Management Board shall file such evaluation with the Public Utilities Regulatory Authority for the authority to review and approve or to review, modify and approve on or before October 15, 2007.

(c) Not later than October 15, 2007, the Energy Conservation Management Board shall file with the authority for the authority to

review and approve or to review, modify and approve, an analysis of the state's electric demand, peak electric demand and growth forecasts for electric demand and peak electric demand. Such analysis shall identify the principal drivers of electric demand and peak electric demand, associated electric charges tied to electric demand and peak electric demand growth, including, but not limited to, federally mandated congestion charges and other electric costs, and any other information the authority deems appropriate. The analysis shall include, but not be limited to, an evaluation of the costs and benefits of the enhanced demand-side management technologies approved pursuant to subsection (b) of this section and establishing suggested funding levels for said individual technologies.

(d) Commencing April 1, 2008, any person may apply to the authority for certification and funding as a Connecticut electric efficiency partner. Such application shall include the technologies that the applicant shall purchase or provide and that have been approved pursuant to subsection (b) of this section. In evaluating the application, the authority shall (1) consider the applicant's potential to reduce customers' electric demand, including peak electric demand, and associated electric charges tied to electric demand and peak electric demand growth, (2) determine the portion of the total cost of each project that shall be paid for by the customer participating in this program and the portion of the total cost of each project that shall be paid for by all electric ratepayers and collected pursuant to subsection (h) of this section. In making such determination, the authority shall ensure that all ratepayer investments maintain a minimum two-to-one payback ratio, and (3) specify that participating Connecticut electric efficiency partners shall maintain the technology for a period sufficient to achieve such investment payback ratio. The annual ratepayer contribution for projects approved pursuant to this section shall not exceed sixty million dollars. Not less than seventy-five per cent of such annual ratepayer investment shall be used for the technologies themselves. No person shall receive electric ratepayer funding pursuant to this subsection if such person has received or is receiving funding from the Conservation and Load Management Plan for the projects included in said person's application.

No person shall receive electric ratepayer funding without receiving a certificate of public convenience and necessity as a Connecticut electric efficiency partner by the authority. The authority may grant an applicant a certificate of public convenience if it possesses and demonstrates adequate financial resources, managerial ability and technical competency. The authority may conduct additional requests for proposals from time to time as it deems appropriate. The authority shall specify the manner in which a Connecticut electric efficiency partner shall address measures of effectiveness and shall include performance milestones.

(e) Beginning February 1, 2010, a certified Connecticut electric efficiency partner may only receive funding if selected in a request for proposal developed, issued and evaluated by the authority. In evaluating a proposal, the authority shall take into consideration the potential to reduce customers' electric demand including peak electric demand, and associated electric charges tied to electric demand and peak electric demand growth, including, but not limited to, federally mandated congestion charges and other electric costs, and shall utilize a cost benefit test established pursuant to subsection (c) of this section to rank responses for selection. The authority shall determine the portion of the total cost of each project that shall be paid by the customer participating in this program and the portion of the total cost of each project that shall be paid by all electric ratepayers and collected pursuant to the provisions of this subsection. In making such determination, the authority shall (1) ensure that all ratepayer investments maintain a minimum two-to-one payback ratio, and (2) specify that participating Connecticut electric efficiency partners shall maintain the technology for a period sufficient to achieve such investment payback ratio. The annual ratepayer contribution shall not exceed sixty million dollars. Not less than seventy-five per cent of such annual ratepayer investment shall be used for the technologies themselves. No Connecticut electric efficiency partner shall receive funding pursuant to this subsection if such partner has received or is receiving funding from the Conservation and Load Management Plan for such technology. The authority may conduct additional requests for

proposals from time to time as it deems appropriate. The authority shall specify the manner in which a Connecticut electric efficiency partner shall address measures of effectiveness and shall include performance milestones.

(f) The authority may retain the services of a third party entity with expertise in areas such as demand-side management solutions, customer-side renewable energy generation, customer-side distributed generation resources, customer-side emergency dispatchable generation resources, load shifting technologies and conservation and load management investments to assist in the development and operation of the Connecticut electric efficiency partner program. The costs for obtaining third party services pursuant to this subsection shall be recoverable **[**through the systems benefits charge**]** from the Green Bond Fund established under section 16-245*l*, as amended by this act.

(g) The authority shall develop a long-term low-interest loan program to assist certified Connecticut electric efficiency partners in financing the customer portion of the capital costs of approved enhanced demand-side management technologies. The authority may establish such financing mechanism by the use of one or more of the following strategies: (1) Modifying the existing long-term customer-side distributed generation financing mechanism established pursuant to section 16-243j, (2) negotiating and entering into an agreement with Connecticut Innovations, Incorporated to establish a credit facility or to utilize grants, loans or loan guarantees for the purposes of this section upon such terms and conditions as Connecticut Innovations, Incorporated may prescribe including provisions regarding the rights and remedies available to Connecticut Innovations, Incorporated in case of default, or (3) selecting by competitive bid one or more entities that can provide such long-term financing.

(h) The authority shall provide for the payment of electric ratepayers' portion of the costs of deploying enhanced demand-side management technologies by implementing a contractual financing agreement with Connecticut Innovations, Incorporated or a private financing entity

selected through an appropriate open competitive selection process. No contractual financing agreements entered into with Connecticut Innovations, Incorporated shall exceed ten million dollars. Any electric ratepayer costs resulting from such financing agreement shall be **[**recovered from all electric ratepayers through the systems benefits charge**]** paid from the Green Bond Fund established under section 16-245*l*, as amended by this act.

(i) On or before February 15, 2009, and annually thereafter, the authority shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the effectiveness of the Connecticut electric efficiency partner program established pursuant to this section. Said report shall include, but not be limited to, an accounting of all benefits and costs to ratepayers, a description of the approved technologies, the payback ratio of all investments, the number of programs deployed and a list of proposed projects compared to approved projects and reasons for not being approved.

(j) On or before April 1, 2011, the Public Utilities Regulatory Authority shall initiate a proceeding to review the effectiveness of the program and perform a ratepayer cost-benefit analysis. Based upon the authority's findings in the proceeding, the authority may modify or discontinue the partnership program established pursuant to this section.

(k) (1) As used in this section:

(A) "Residential retail end use customer" means any electric, gas or heating fuel customer, regardless of heating source, who wishes to replace heating furnace or boiler equipment, or purchase either an underground or above ground propane fuel tank, including, but not limited to, a propane fuel tank that the residential retail end use customer leases, provided a residential retail end use customer (i) shall be a customer of an electric distribution company, and (ii) shall not include a customer who occupies leased premises or who does not own the premises on which the replacement heating furnace or boiler

equipment is located or on which the underground or above ground propane tank to be purchased is located or will be located;

(B) "Heating furnace or boiler equipment" means the primary heating equipment for space and hot water needs, along with the ancillary piping, pumps, duct work and associated other equipment that may be required as part of the replacement of a heating furnace or boiler;

(C) "Furnace or boiler replacement and propane fuel tank purchase funds" means any funds approved by the third-party administrator pursuant to this subsection, provided (i) such funds may be used for the loan principal in an amount not to exceed fifteen thousand dollars, excluding interest expense associated with such loan and the expense for any loan default, and (ii) participating residential retail end use customers may be charged interest on the loan principal in an amount not to exceed three per cent, based on income eligibility as determined by the third-party administrator;

(D) "Electric distribution company" and "gas company" have the same meanings as provided in section 16-1, as amended by this act;

(E) "Propane fuel tank" means a tank used to store propane fuel that is used in connection with residential heating of space, hot water needs, operation of an emergency generator for such space or the performance of indoor installed-appliance-based cooking in such space.

(2) Not later than September 1, 2013, the electric distribution and gas companies shall develop a residential furnace or boiler replacement and propane fuel tank purchase program funded by the **[**systems benefits charge**]** Green Bond Fund established pursuant to section 16-245*l*, as amended by this act, in a manner that minimizes the impact on ratepayers. Said program shall be reviewed and approved or modified by the Department of Energy and Environmental Protection, in consultation with the Energy Conservation Management Board, within sixty days of receipt of the plan for said program. Said program shall include a contract for retention of a third-party administrator to become effective upon approval of the program by the department. Said

program shall continue until the end of the eleventh year of the program. On or before January 1, 2014, the electric distribution and gas companies shall retain the services of a third-party administrator with expertise in developing, implementing and administering residential lending programs, including credit evaluation, to provide financing for improvement projects by property owners, loan servicing and program administration. The third-party administrator shall, in conjunction with the electric distribution companies and gas companies, develop the program. On and after December 29, 2015, said program shall be amended to provide such residential lending to residential retail end use customers who seek to purchase either an underground or above ground propane fuel tank, including, but not limited to, a propane fuel tank that the residential retail end use customer leases.

(3) The third-party administrator shall be responsible for extending loans and administering the residential furnace or boiler replacement and propane fuel tank purchase program to assist residential retail end use customers in funding heating furnace or boiler equipment replacements and propane fuel tank purchases that meet all of the program requirements. (A) For heating furnace or boiler equipment replacements, the program requirements shall include, but not be limited to, (i) the total projected direct cost savings to the eligible residential retail end use customer resulting from the heating furnace or boiler replacement, calculated on an annual basis commencing from the month that the replacement furnace or boiler is projected to be in service, shall be greater than the total cost of the replacement funds over the term of the program in order to qualify for the program, (ii) the eligible customer shall pay a contribution of not less than ten per cent of the total cost of the replacement or conversion of the heating furnace or boiler and any additional amounts that are required in order to meet the program requirements, (iii) eligible customers shall have six consecutive months of timely utility payments and shall not have any past due balance owed to any electric distribution company or gas company, (iv) the term of the repayment of the replacement funds shall be the lesser of (I) the simple payback period of the replacement funds plus two years, or (II) ten years, and (v) the replacement furnace or boiler shall

meet or exceed federal Energy Star standards. (B) For propane fuel tank purchases, the program requirements shall include, but not be limited to, (i) eligible customers shall have six consecutive months of timely utility payments and shall not have any past due balance owed to any electric distribution company, propane seller or gas company, (ii) the term of the repayment of the replacement funds shall be not longer than ten years, and (iii) the loan recipient shall have such propane tank inspected on an annual basis and forward a certificate of inspection to the third-party administrator. In the event that such propane tank is found to need repair as a result of such inspection, any person performing such inspection shall inform the homeowner and the applicable local fire marshal. If the requisite repair is not made in a timely fashion or as otherwise recommended or ordered by the local fire marshal, said fire marshal shall render such propane tank inoperable. Eligible residential retail end use customers may apply to the third-party administrator for participation in the program. The third-party administrator shall screen each applicant to ensure that the applicant meets the eligibility requirements and such program requirements prior to accepting the customer into the program. The third-party administrator shall create awareness of the propane fuel tank purchase provisions of the program by the general public and, in particular, by residential propane purchasers.

(4) Program participants shall repay the furnace or boiler replacement and propane fuel tank purchase funds through a monthly charge on the customer's residential electric or gas utility bill, provided heating fuel customers shall be able to repay such replacement and propane fuel tank purchase funds through a monthly charge on such customer's electric or gas utility bill. Furnace or boiler replacement and propane fuel tank purchase funds provided shall be reflected on the residential retail end use customer's electric service or gas account, as applicable, for the premises on which the replacement heating furnace or boiler equipment or propane fuel tank is located. If the premises are sold, the amount of replacement or propane fuel tank purchase funds remaining to be repaid shall be transferred to subsequent service account holders at such premises, who may become program

participants for purposes of the repayment obligation, unless the seller and buyer agree that the loan will not be transferred.

(5) Furnace or boiler replacement and propane fuel tank purchase funds shall be recovered **[**through the systems benefits charge of the respective electric distribution company where the heating furnace or boiler equipment or propane tank is located**]** from the Green Bond Fund established under section 16-245*l*, as amended by this act. Any program costs incurred by the third-party administrator or the propane or gas company and funds not repaid by customers who default on their repayment obligations and other costs associated with the program or customers' failure to repay replacement or propane fuel tank purchase funds to the third-party administrator shall be recovered **[**through the systems benefits charge**]** from the fund. All administrative and capital carrying costs of the electric distribution companies associated with the program shall be recovered by the companies through a reconciling component **[**, such as the systems benefits charge as**]** approved by the Public Utilities Regulatory Authority.

(6) On or before January 1, 2016, and on or before January 1, 2018, the Department of Energy and Environmental Protection and the Energy Conservation Management Board shall engage an independent third party to evaluate and submit a report, in accordance with section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and finance, revenue and bonding on the status of the program. Such report shall also include an evaluation of the program developed pursuant to section 16a-40m. The report shall include, but not be limited to, for each program, a review of (A) cost effectiveness of the program, (B) number of customers served and potential for growth, (C) the customer classes served, and (D) the fuel type of the financed equipment.

(7) The third-party administrator shall be entitled to take all available legal action as may be necessary to secure the furnace or boiler replacement and propane fuel tank purchase funds and repayment of the funds, including, but not limited to, attaching liens and requiring

filings to be made on applicable land records or as otherwise necessary or required.

Sec. 22. Subsection (e) of section 16-245c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(e) Any municipal electric utility created on or after July 1, 1998, pursuant to section 7-214 or a special act and any municipal electric utility that expands its service area on or after July 1, 1998, shall collect from its new customers the competitive transition assessment imposed pursuant to section 16-245g, as amended by this act, **[**the systems benefits charge imposed pursuant to section 16-245*l*, three mills per kilowatt hour of electricity sold for the conservation adjustment mechanisms described in section 16-245m, and the assessments charged under section 16-245n**]** in such manner and at such rate as the authority prescribes, provided the authority shall order the collection of said assessment **[**and said charge**]** in a manner and rate equal to that to which the customers would have been subject had the municipal electric utility not been created or expanded.

Sec. 23. Subdivision (3) of subsection (h) of section 16-245o of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(3) No electric supplier, aggregator or agent of an electric supplier or aggregator shall (A) advertise or disclose the price of electricity to mislead a reasonable person into believing that the electric generation services portion of the bill will be the total bill amount for the delivery of electricity to the customer's location, or (B) make any statement, oral or written, suggesting a prospective customer is required to choose a supplier. When advertising or disclosing the price for electricity, the electric supplier, aggregator or agent of an electric supplier or aggregator shall (i) disclose the electric distribution company's current charges, including the competitive transition assessment, **[**and the systems benefits charge,**]** for that customer class, and (ii) indicate, using at least a ten-point font size, in a conspicuous part of any advertisement

or disclosure that includes an advertised price, (I) the expiration of such advertised price, and (II) any fixed or recurring charge, including, but not limited to, any minimum monthly charge.

Sec. 24. Subsections (b) to (d), inclusive, of section 16-245w of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(b) The Public Utilities Regulatory Authority shall design a process for determining a fee to be paid by customers who have installed self-generation facilities in order to offset any loss or potential loss in revenue from such facilities toward the competitive transition assessment. **[**, the systems benefits charge, the conservation adjustment mechanisms collected under section 16-245m and the Clean Energy Fund assessment collected under section 16-245n.**]** Except as provided in subsection (c) of this section, such fee shall apply to customers who have installed self-generation facilities that begin operation on or after July 1, 1998.

(c) An exit fee shall not apply to a customer who has installed a self-generation facility that (1) exclusively services the load of one to four residential units, or (2) is installed in conjunction with the expansion of an industrial plant that began operation before July 1, 1998, if the self-generation facility predominantly services such industrial plant and the expansion of said industrial plant results in economic development, as determined by the authority. The exemption under subdivision (2) of this subsection shall only apply to the amount of any new load provided by the self-generation facility to service the expansion.

(d) The authority shall develop criteria for excluding units based on size or specialized use, balancing concerns of the potential impact on small businesses, equity among customer classes, and the need to offset losses to the competitive transition assessment. **[**and the systems benefits charge.**]** The authority shall establish procedures for distinguishing between existing load and new load for purposes of self-generation facilities described in subdivision (2) of subsection (c) of this section. The authority shall determine how to identify self-generation

facilities, such as through a registration process, and how to enforce the collection of such fees. The authority shall establish criteria to determine how such fee shall be valued and the process for its collection, which shall include the ability of self-generation facilities to pay the fee over a period of time.

Sec. 25. Subsection (f) of section 16-262c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(f) If an electric supplier suffers a loss of revenue by operation of this section, the supplier may make a claim for such revenue to the authority. The electric distribution company shall reimburse the electric supplier for such losses found to be reasonable by the authority at the lower of (1) the price of the contract between the supplier and the customer, or (2) the electric distribution company's price to customers for default service, as determined by the authority. The electric distribution company may recover such reimbursement, along with transaction costs, **[**through the systems benefits charge**]** from the Green Bond Fund established under section 16-245*l*, as amended by this act.

Sec. 26. Subsection (b) of section 16a-38*l* of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(b) Any savings achieved through the implementation of said plan shall be allocated as follows: (1) Seventy-five per cent shall be retained by electric ratepayers, and (2) twenty-five per cent shall be divided equally between (A) reinvestment into energy efficiency programs in state buildings, and (B) investment into energy efficiency programs and technologies on behalf of participants of energy assistance programs administered by the Department of Social Services. Any reinvestments or investments made in programs pursuant to this section shall be paid **[**through the systems benefits charge**]** from the Green Bond Fund established under section 16-245*l*, as amended by this act.

Sec. 27. Subsection (b) of section 33-219 of the general statutes is

repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(b) Notwithstanding the provisions of subsection (a) of this section, cooperative, nonprofit, membership corporations may be organized under this chapter for the purpose of generating electric energy by means of cogeneration technology, renewable energy resources or both and supplying it to any member or supplying it to, purchasing it from or exchanging it with a public service company, electric supplier, as defined in section 16-1, as amended by this act, municipal aggregator, as defined in said section, municipal utility or municipal electric energy cooperative, in accordance with an agreement with the company, electric supplier, electric aggregator, municipal utility or cooperative. No membership corporation under this subsection may exercise those powers contained in subsection (i) or (j) of section 33-221 unless the prior approval of the Public Utilities Regulatory Authority is obtained, after opportunity for hearing in accordance with title 16 and chapter 54. Any cooperative organized on or after July 1, 1998, pursuant to this subsection shall collect from its members the competitive transition assessment levied pursuant to section 16-245g, as amended by this act, **[**and the systems benefits charge levied pursuant to section 16-245*l*] in such manner and at such rate as the Public Utilities Regulatory Authority prescribes, provided the authority shall order the collection of said assessment and said charge in a manner and rate equal to that to which the members of the cooperative would have been subject had the cooperative not been organized.

Sec. 28. Subdivision (3) of subsection (e) of section 16a-3m of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(3) Any agreement entered into pursuant to subdivision (2) of this subsection shall be subject to review and approval by the Public Utilities Regulatory Authority. The electric distribution company shall file an application for the approval of any such agreement with the authority. The authority's review shall commence upon the filing of the signed

power purchase agreement with the authority. The authority shall approve agreements that it determines (A) provide for the delivery of adequate and reliable products and services, for which there is a clear public need, at a just and reasonable price, (B) are prudent and cost effective, and (C) that the respondent to the solicitation has the technical, financial and managerial capabilities to perform pursuant to such agreement. For any eligible nuclear power generating facility selected in any solicitation described in subsection (g) of this section, the authority shall require any such agreement to be conditioned upon the approval of such a power purchase agreement or other agreement for energy, capacity and any environmental attributes, or any combination thereof, with such eligible nuclear power generating facility, in at least two other states, by the applicable officials of such states or by electric utilities or other entities designated by the applicable officials of such states. The authority shall issue a decision not later than one hundred eighty days after such filing. If the authority does not issue a decision within one hundred eighty days after such filing, the agreement shall be deemed approved. The net costs of any such agreement, including costs incurred by the electric distribution company under the agreement and reasonable costs incurred by the electric distribution company in connection with the agreement, shall be **[**recovered on a timely basis through a nonbypassable fully reconciling component of electric rates for all customers of the electric distribution company**]** paid from the Green Bond Fund established pursuant to section 16-245*l*, as amended by this act. Any net revenues from the sale of products purchased in accordance with long-term contracts entered into pursuant to this subsection shall be credited to **[**customers through the same nonbypassable fully reconciling rate component for all customers of the contracting electric distribution company**]** said fund.

Sec. 29. Subdivision (2) of subsection (c) of section 12-264 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(2) For purposes of this subsection, gross earnings from providing electric transmission services or electric distribution services shall

include (A) all income classified as income from providing electric transmission services or electric distribution services, as determined by the Commissioner of Revenue Services in consultation with the Public Utilities Regulatory Authority, and (B) the competitive transition assessment collected pursuant to section 16-245g, as amended by this act, other than any component of such assessment that constitutes transition property as to which an electric distribution company has no right, title or interest pursuant to subsection (a) of section 16-245h, as amended by this act. **[**, the systems benefits charge collected pursuant to section 16-245*l*, the conservation adjustment mechanisms charged under section 16-245m, and the assessments charged under section 16-245n.**]** Such gross earnings shall not include income from providing electric transmission services or electric distribution services to a company described in subsection (c) of section 12-265.

Sec. 30. Section 16-243n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(a) Not later than **[**October 1, 2005**]** July 1, 2026, each electric distribution company, as defined in section 16-1, as amended by this act, shall submit an application to the Public Utilities Regulatory Authority to **[**(1) on or before January 1, 2007,**]** implement time-of-use rates for (1) residential customers, **[**that have a maximum demand of not less than three hundred fifty kilowatts that may include, but not be limited to, mandatory peak, shoulder and off-peak time-of-use rates, and (2) on or before June 1, 2006, offer optional interruptible or load response rates for customers that have a maximum demand of not less than three hundred fifty kilowatts and offer optional seasonal and time-of-use rates for all customers. The application shall propose to establish time-of-use rates through a procurement plan, revenue neutral adjustments to delivery rates, or both**]** and (2) commercial and industrial customers.

(b) **[**Not later than November 1, 2005, each electric distribution company shall submit an application to the Public Utilities Regulatory Authority to implement mandatory seasonal rates for all customers beginning April 1, 2007.**]** (1) Transmission and distribution time-of-use

rates submitted pursuant to subsection (a) of this section shall provide for fixed rates across twenty-four-hour cycles based on projected seasonal demand that include on-peak rates for the period between the hours of four o'clock p.m. and seven o'clock p.m. each weekday. Such peak rates shall be not less than three hundred per cent higher than rates for off-peak hours. Such time-of-use rates shall be based on revenue recovery for hourly kilowatt sales and shall not include any demand charge for any rate tariff.

(2) Each application shall propose to establish (A) such time-of-use rates through an approved revenue recovery mechanism for transmission and distribution rates, and (B) a monthly revenue reconciliation mechanism whereby any revenue undercollected or overcollected through such time-of-use rates is recovered or refunded, as appropriate, through a subsequent billing reconciliation adjustment. Such adjustment shall adhere to an approved recovery mechanism that adds or deducts from the hourly time-of-use base rates.

(c) The authority shall hold a hearing that shall be conducted as a contested case, in accordance with the provisions of chapter 54, to approve, reject or modify applications submitted pursuant to subsection (a) **[**or (b)**]** of this section. No application for time-of-use rates shall be approved by the authority unless (1) such rates reasonably reflect the cost of service during their respective time-of-use periods, **[**and**]** (2) the Connecticut Energy Procurement Authority has provided an assessment or recommendations concerning such rates, (3) the costs associated with implementation, the impact on customers and benefits to the utility system justify implementation of such rates, and **[**(3)**]** (4) such rates alter patterns of customer consumption of electricity without undue adverse effect on the customer.

(d) Each electric distribution company shall assist customers to help manage loads and reduce peak consumption through the comprehensive plan developed pursuant to section 16-245m, as amended by this act.

Sec. 31. Subsections (a) and (b) of section 16-19f of the general statutes

are repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(a) As used in this section and section 16-243n, as amended by this act:

(1) "Cost of service" means an electric utility rate for a class of consumer which is designed, to the maximum extent practicable, to reflect the cost to the utility in providing electric service to such class;

(2) "Declining block rate" means an electric utility rate for a class of consumer which prices successive blocks of electricity consumed by such consumer at lower per-unit prices;

(3) **[**"Time of day rate"**]** "Time-of-use rate" means an electric utility rate for a class of consumer **[**which**]** that is designed to (A) reflect the cost to the utility of providing electricity to such consumer at different times of the day, and (B) create adequate price elasticity that incentivizes targeted electric load growth and system efficiency;

[(4) "Seasonal rate" means an electric utility rate for a class of consumer designed to reflect the cost to the utility in providing electricity to such consumer during different seasons of the year;

(5) "Electric vehicle time of day rate" means an electric utility rate for a class of consumer designed to reflect the cost to the utility of providing electricity to such consumer charging an electric vehicle at an electric vehicle charging station at different times of the day, but shall not include demand charges;**]**

[(6)**]** (4) "Electric vehicle charging station" means an electric component assembly or cluster of component assemblies designed specifically to charge batteries within electric vehicles by permitting the transfer of electric energy to a battery or other storage device in an electric vehicle;

[(7)**]** (5) "Public electric vehicle charging station" means an electric vehicle charging station located at a publicly available parking space;

[(8)**]** (6) "Publicly available parking space" means a parking space that has been designated by a property owner or lessee to be available to, and accessible by, the public and may include on-street parking spaces and parking spaces in surface lots or parking garages, but shall not include: (A) A parking space that is part of, or associated with, a private residence; (B) a parking space that is reserved for the exclusive use of an individual driver or vehicle or for a group of drivers or vehicles, such as employees, tenants, visitors, residents of a common interest development, or residents of an adjacent building; or (C) a parking space reserved for persons who are blind and persons with disabilities as described in section 14-253a;

[(9) "Interruptible rate" means an electric utility rate designed to reflect the cost to the utility in providing service to a consumer where such consumer permits his service to be interrupted during periods of peak electrical demand; and**]**

[(10)**]** (7) "Load management techniques" means cost-effective techniques used by an electric utility to reduce the maximum kilowatt demand on the utility; and

(8) "On-peak" means the period between the hours of four o'clock p.m. and seven o'clock p.m. each weekday.

(b) **[**The**]** Not later than October 1, 2026, the Public Utilities Regulatory Authority shall, with respect to each electric public service company, **[**shall (1) within two years, consider and determine whether it is appropriate to implement any of the following rate design standards: (A) Cost of service; (B) prohibition of declining block rates; (C) time of day rates; (D) seasonal rates; (E) interruptible rates; and (F) load management techniques, and (2) not later than June 1, 2017, consider and determine whether it is appropriate to implement electric vehicle time of day rates**]** implement time-of-use hourly rates for residential and commercial customers. The consideration of said standards by the authority shall be made after public notice and hearing. Such hearing may be held concurrently with a hearing required pursuant to subsection (b) of section 16-19e. The authority shall make a

determination on whether it is appropriate to implement any of said standards. Said determination shall be in writing, shall take into consideration the evidence presented at the hearing and shall be available to the public. A standard shall be deemed to be appropriate for implementation if such implementation would encourage energy conservation, optimal and efficient use of facilities and resources by an electric public service company and equitable rates for electric consumers approved by the authority. If the authority does not approve such rates on or before October 1, 2026, the time-of-use-hourly rates submitted to the authority by the Connecticut Energy Procurement Authority pursuant to section 4 of this act shall be deemed approved.

Sec. 32. Section 16-243w of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(a) On or before **[**July 1, 2007**]** January 1, 2026, each electric distribution company shall submit a plan to the Public Utilities Regulatory Authority to deploy an advanced metering system. **[**In lieu of submitting a plan pursuant to this section, an electric distribution company may seek a determination by the authority that**]** If such company's existing metering system meets the requirements of this section, such company shall use such existing metering system. Such metering systems shall support net metering and be capable of tracking hourly consumption to support proactive customer pricing signals through innovative time-of-use rate design **[**, such as time-of-day or real-time pricing of electric service for all customer classes**]** as described in section 16-243n, as amended by this act.

(b) Each plan to implement an advanced metering system developed pursuant to subsection (a) of this section shall outline an implementation schedule whereby meters and any network necessary to support such meters are fully deployed on or before January 1, **[**2009. On**]** 2027, provided on or after January 1, **[**2009**]** 2027, any customer may obtain a meter on demand.

(c) The cost of the advanced metering system, including, but not limited to, the meters, the network to support the meters, software and

vendor costs to obtain the required information from the metering system and administrative, installation, operation maintenance costs, shall be borne by the electric distribution company and shall be recoverable in rates if the Connecticut Energy Procurement Authority has certified such company's compliance with the requirements of the customer education and engagement program pursuant to section 8 of this act. Any unrecovered cost of the current metering system shall continue to be reflected in rates.

(d) Not later than **[**six months after June 4, 2007**]** January 1, 2028, electric distribution companies, competitive electric suppliers and aggregators shall offer time-of-use pricing options to all customer classes. These pricing options shall include, but not be limited to, hourly and real-time pricing options.

Sec. 33. (NEW) (*Effective July 1, 2025*) (a) There is established a fund to be known as the "Energy Infrastructure Transition Fund". The fund shall be administered by the Connecticut Energy Procurement Authority for the purpose of supporting the adoption of smart meter infrastructure and electric billing system upgrades, electric vehicle infrastructure adoption, distribution system and substation upgrades, efforts to increase the electrification of heating and cooling systems, and the deployment of battery storage technologies located behind customer electric meters in the state.

(b) Not later than December 1, 2025, and every three years thereafter, each electric distribution company, as defined in section 16-1 of the general statutes, as amended by this act, shall submit to the authority an energy infrastructure transition plan, in accordance with the provisions of this section, to implement smart metering programs and infrastructure upgrades, load settlement and billing system upgrades, distribution system updates and load factor optimization investments. The authorities shall advise and assist the electric distribution companies in the development of such plan.

(c) Programs included in the plan developed and submitted pursuant to subsection (b) of this section may include, but not be limited to:

(1) Advanced metering infrastructure to support the collection, storage and utilization of hourly interval usage data from customer electricity consumption for the purpose of procuring, settlement and billing of time-of-use electric rates;

(2) Billing system upgrades that allow an electric distribution company to incorporate time-of-use rates and accurately bill end use customers according to such rates on a monthly basis, provided each electric distribution company shall publish detailed hourly usage by each such customer and prices on an Internet-based application that can be accessed by such customer;

(3) Distribution system and substation infrastructure upgrades to improve or replace existing infrastructure to accommodate additional electric loads resulting from heat pump conversions, battery storage installations and electric vehicle charging infrastructure, provided such plan includes proposed performance metrics related to investments and load-growth metrics and plans to include such conversions, installations and infrastructure;

(4) Residential demand response solutions including (A) smart inverter controls whereby the output of solar photovoltaic systems is modulated by an electric distribution company based on electric system demand; or (B) smart thermostats, water heaters or electric vehicle chargers that can shift or pause electricity usage to benefit customers based on time-of-use rates or to reduce electric system demand; and

(5) Electric vehicle fleet battery dispatch technologies that allow electric vehicle fleets to dispatch energy stored by such vehicles back to the electric grid during times of peak electricity demand.

(d) Any plan submitted pursuant to this section shall include a detailed budget sufficient to fund the programs described in such plan, in whole, in part, or in increments, as applicable, and be evaluated and selected within an integrated supply and demand planning framework developed by the authority. The authority shall, in an uncontested proceeding during which the authority shall hold a public meeting,

approve, modify or reject any such plan. Following approval by the authority, the authority shall assist the companies in implementing such plan. Not later than sixty days after the approval of a plan under this section, the authority shall disburse payments to the electric distribution company in accordance with the approved plan.

(e) In addition to the purposes set out in subsections (b) and (c) of this section, moneys from the fund may be used for the payment of any administrative and operational expenses incurred by the authority.

(f) Each electric distribution company shall collect an energy infrastructure transition adjustment mechanism to capitalize the fund by collecting an amount equal to seven mills per kilowatt hour of electricity sold to each end use customer of an electric distribution company. Each electric distribution company shall remit the funds collected through such mechanism to the authority for deposit in the fund on a monthly basis.

(g) The authority may negotiate and enter into an agreement with a financial institution, as defined in section 36a-41 of the general statutes, whereby the funds collected, or projected to be collected, pursuant to subsection (f) of this section are pledged as security pursuant to a financial instrument or instruments under which the authority obtains operating capital for the purposes set forth in this section, provided the term of any such instrument or instruments shall not exceed twenty years.

(h) The authority shall administer the funds in a manner designed to offset designated infrastructure investments made by electric distribution companies and approved recovery through rates by electric distribution companies for investments allowed under the fund.

Sec. 34. Subdivision (1) of subsection (d) of section 16-245m of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(d) (1) Not later than November 1, 2012, and every three years

thereafter, electric distribution companies, as defined in section 16-1, as amended by this act, in coordination with the gas companies, as defined in section 16-1, as amended by this act, shall submit to the Energy Conservation Management Board a combined electric and gas Conservation and Load Management Plan, in accordance with the provisions of this section, to implement cost-effective energy conservation programs, demand management and market transformation initiatives. All supply and conservation and load management options shall be evaluated and selected within an integrated supply and demand planning framework. Services provided under the plan shall be available to all customers of electric distribution companies and gas companies, provided a customer of an electric distribution company may not be denied such services based on the fuel such customer uses to heat such customer's home. The Energy Conservation Management Board shall advise and assist the electric distribution companies and gas companies in the development of such plan. The Energy Conservation Management Board shall approve the plan before transmitting it to the Commissioner of Energy and Environmental Protection for approval. The commissioner shall, in an uncontested proceeding during which the commissioner may hold a public meeting, approve, modify or reject said plan prepared pursuant to this subsection. Following approval by the commissioner, the board shall assist the companies in implementing the plan and collaborate with the Connecticut Green Bank to further the goals of the plan. Said plan shall include a detailed budget sufficient to fund all energy efficiency that is cost-effective or lower cost than acquisition of equivalent supply, and shall be reviewed and approved by the commissioner. **[**The Public Utilities Regulatory Authority shall, not later than sixty days after the plan is approved by the commissioner, ensure that the balance of revenues required to fund such plan is provided through fully reconciling conservation adjustment mechanisms. Electric distribution companies shall collect a conservation adjustment mechanism that ensures the plan is fully funded by collecting an amount that is not more than the sum of six mills per kilowatt hour of electricity sold to each end use customer of an electric distribution

company during the three years of any Conservation and Load Management Plan. The authority shall ensure that the revenues required to fund such plan with regard to gas companies are provided through a fully reconciling conservation adjustment mechanism for each gas company of not more than the equivalent of four and six-tenth cents per hundred cubic feet during the three years of any Conservation and Load Management Plan.**]** The costs of said plan shall be funded from the Green Bond Fund established pursuant to section 16-245*l*, as amended by this act. Said plan shall include steps that would be needed to achieve the goal of weatherization of eighty per cent of the state's residential units by 2030 and to reduce energy consumption by 1.6 million MMBtu, or the equivalent megawatts of electricity, as defined in subdivision (4) of section 22a-197, annually each year for calendar years commencing on and after January 1, 2020, up to and including calendar year 2025. Each program contained in the plan shall be reviewed by such companies and accepted, modified or rejected by the Energy Conservation Management Board prior to submission to the commissioner for approval. The Energy Conservation Management Board shall, as part of its review, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or otherwise to coordinate programs targeted at saving more than one fuel resource. Any costs for joint programs shall be allocated equitably among the conservation programs. The Energy Conservation Management Board shall give preference to projects that maximize the reduction of federally mandated congestion charges.

Sec. 35. Subsection (b) of section 16-245n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(b) On and after July 1, **[**2004**]** 2025, the Public Utilities Regulatory Authority shall **[**assess or cause to be assessed a charge of not less than one mill per kilowatt hour charged to each end use customer of electric services in this state which shall be deposited**]** deposit into the Clean Energy Fund established under subsection (c) of this section funds from the Green Bond Fund established pursuant to section 16-245*l*, as

amended by this act, that the authority determines are necessary for the operation of the Clean Energy Fund.

Sec. 36. Section 16-245e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(a) As used in this section, sections 16-245f to 16-245k, inclusive, as amended by this act, and section 16-245m, as amended by this act:

(1) "Rate reduction bonds" means bonds, notes, certificates of participation or beneficial interest, or other **[**evidences**]** evidence of indebtedness or ownership, issued pursuant to an executed indenture or other agreement of a financing entity, in accordance with this section and sections 16-245f to 16-245k, inclusive, as amended by this act, the proceeds of which are used, directly or indirectly, to provide, recover, finance, or refinance stranded costs, storm costs or economic recovery transfer, or to sustain funding of conservation and load management and renewable energy investment programs by substituting for disbursements to the General Fund from the Conservation and Load Management Plan established by section 16-245m, as amended by this act, and from the Clean Energy Fund established by section 16-245n, as amended by this act, and which, directly or indirectly, are secured by, evidence ownership interests in, or are payable from, transition property;

(2) "Competitive transition assessment" means those nonbypassable rates and other charges, that are authorized by the authority (A) in a financing order in respect to the economic recovery transfer, or in a financing order, to sustain funding of conservation and load management and renewable energy investment programs by substituting disbursements to the General Fund from proceeds of rate reduction bonds for such disbursements from the Conservation and Load Management Plan established by section 16-245m, as amended by this act, and from the Clean Energy Fund established by section 16-245n, as amended by this act, or to recover those stranded costs or storm costs that are eligible to be funded with the proceeds of rate reduction bonds pursuant to section 16-245f, as amended by this act, and the costs of

providing, recovering, financing, or refinancing the economic recovery transfer or such substitution of disbursements to the General Fund or such stranded costs or storm costs through a plan approved by the authority in the financing order, including the costs of issuing, servicing, and retiring rate reduction bonds, (B) to recover those stranded costs or storm costs determined under this section but not eligible to be funded with the proceeds of rate reduction bonds pursuant to section 16-245f, as amended by this act, or (C) to recover costs determined under subdivision (1) of subsection (e) of section 16-244g. If requested by the electric distribution company, the authority shall include in the competitive transition assessment nonbypassable rates and other charges to recover federal and state taxes whose recovery period is modified by the transactions contemplated in this section and sections 16-245f to 16-245k, inclusive, as amended by this act;

(3) "Customer" means any individual, business, firm, corporation, association, tax-exempt organization, joint stock association, trust, partnership, limited liability company, the United States or its agencies, this state, any political subdivision thereof or state agency that purchases electric generation or distribution services as a retail end user in the state from any electric supplier or electric distribution company;

(4) "Finance authority" means the state, acting through the office of the State Treasurer;

(5) "Net proceeds" means the book income from the sale or divestiture of assets, consisting of sales price less reasonable expenses of sale, related income and other;

(6) "Stranded costs" means that portion of generation assets, generation-related regulatory assets or long-term contract costs determined by the authority in accordance with the provisions of subsections (e), (f), (g) and (h) of this section;

(7) "Generation assets" means the total construction and other capital asset costs of generation facilities approved for inclusion in rates before July 1, 1997, but does not include any costs relating to the

decommissioning of any such facility or any costs which the authority found during a proceeding initiated before July 1, 1998, were incurred because of imprudent management;

(8) "Generation-related regulatory assets" means generation-related costs authorized or mandated before July 1, 1998, by the Public Utilities Regulatory Authority, approved for inclusion in the rates, and include, but are not limited to, costs incurred for deferred taxes, conservation programs, environmental protection programs, public policy costs and research and development costs, net of any applicable credits payable to customers, but does not include any costs which the authority found during a proceeding initiated before July 1, 1998, were incurred because of imprudent management;

(9) "Long-term contract costs" mean the above-market portion of the costs of contractual obligations approved for inclusion in the rates that were entered into before January 1, 2000, arising from independent power producer contracts required by law or purchased power contracts approved by the Federal Energy Regulatory Commission;

(10) "Financing entity" means the finance authority or any special purpose trust or other entity that is authorized by the finance authority, or, in the case of rate reduction bonds to recover storm costs, authorized by the Public Utilities Regulatory Authority pursuant to a financing order, to issue rate reduction bonds or acquire transition property pursuant to such terms and conditions as the finance authority, or said authority, if applicable, may specify, or both;

(11) "Financing order" means an order of the authority adopted in accordance with this section and sections 16-245f to 16-245k, inclusive, as amended by this act;

(12) "Transition property" means the irrevocable property right created pursuant to this section and sections 16-245f to 16-245k, inclusive, as amended by this act, in respect to the economic recovery transfer or in respect of disbursements to the General Fund to sustain funding of conservation and load management and renewable energy

investment programs or those stranded costs or storm costs that are eligible to be funded with the proceeds of rate reduction bonds pursuant to section 16-245f, as amended by this act, including, without limitation, the right, title, and interest of an electric distribution company or its transferee or the financing entity (A) in and to the rates and charges established pursuant to a financing order, as adjusted from time to time in accordance with subdivision (2) of subsection (b) of section 16-245i, as amended by this act, and the financing order, (B) to be paid the amount that is determined in a financing order to be the amount that the electric distribution company or its transferee or the financing entity is lawfully entitled to receive pursuant to the provisions of this section and sections 16-245f to 16-245k, inclusive, as amended by this act, and the proceeds thereof, and in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the rates and charges or constituting the competitive transition assessment that is the subject of a financing order including those nonbypassable rates and other charges referred to in subdivision (2) of this subsection, and (C) in and to all rights to obtain adjustments to the rates and charges pursuant to the terms of subdivision (2) of subsection (b) of section 16-245i, as amended by this act, and the financing order. "Transition property" shall constitute a current and irrevocable property right notwithstanding the fact that the value of the property right will depend on consumers using electricity or, in those instances where consumers are customers of a particular electric distribution company, the electric distribution company performing certain services;

(13) "State rate reduction bonds" means the rate reduction bonds issued on June 23, 2004, by the state to sustain funding of conservation and load management and renewable energy investment programs by substituting for disbursements to the General Fund from the Conservation and Load Management Plan, established by section 16-245m, as amended by this act, and from the Clean Energy Fund, established by section 16-245n, as amended by this act. The state rate reduction bonds for the purposes of section 4-30a shall be deemed to be outstanding indebtedness of the state;

(14) "Operating expenses" means, with respect to state rate reduction bonds or economic recovery revenue bonds, (A) all expenses, costs and liabilities of the state or the trustee incurred in connection with the administration or payment of the state rate reduction bonds or economic recovery revenue bonds, or in discharge of its obligations and duties under the state rate reduction bonds or economic recovery revenue bonds, or bond documents, expenses and other costs and expenses arising in connection with the state rate reduction bonds or economic recovery revenue bonds, or pursuant to the financing order providing for the issuance of such bonds including any arbitrage rebate and penalties payable under the code in connection with such bonds, and (B) all fees and expenses payable or disbursable to the servicers or others under the bond documents;

(15) "Bond documents" means, with respect to state rate reduction bonds or economic recovery revenue bonds, the following documents: The servicing agreements, the tax compliance agreement and certificate, and the continuing disclosure agreement and indenture entered into in connection with the state rate reduction bonds or the economic recovery revenue bonds;

(16) "Indenture" means the indenture executed in connection with the state rate reduction bonds or the economic recovery revenue bonds, or, with respect to state rate reduction bonds, the RRB Indenture, dated as of June 23, 2004, by and between the state and the trustee, as amended from time to time;

(17) "Trustee" means, with respect to state rate reduction bonds, the trustee appointed under the indenture;

(18) "Economic recovery transfer" means the disbursement to the General Fund of nine hundred fifty-six million dollars from proceeds of the issuance of the economic recovery revenue bonds; **[**and**]**

(19) "Economic recovery revenue bonds" means rate reduction bonds issued to fund the economic recovery transfer, the costs of issuance, credit enhancements, operating expenses and such other costs as the

finance authority deems necessary or advisable, and which shall be payable from competitive transition assessment charges that replace the competitive transition assessment charges funding stranded costs; and

(20) "Storm costs" means (A) costs determined by the Public Utilities Regulatory Authority, after a hearing conducted as a contested case in accordance with chapter 54, to have been prudently incurred by an electric distribution company for preparation, restoration and response to storm damage disrupting the normal operation of the electric system; and (B) in each case, all related fees, expenses and transaction costs incurred in connection with the issuance, servicing, retirement or refinancing of rate reduction bonds whose proceeds are used to pay off storm costs.

(b) The authority shall, in accordance with the provisions of this section, identify and calculate, upon application by an electric distribution company, those stranded costs or storm costs that may be collected through the competitive transition assessment which shall be calculated and collected in accordance with the provisions of section 16-245g, as amended by this act. No electric distribution company shall be eligible to claim stranded costs unless a public auction has been held to divest itself of all nonnuclear generation assets or the electric distribution company has sold its nonnuclear generation assets in accordance with section 16-43.

(c) (1) Notwithstanding subdivision (1) of subsection (e) of section 16-244g, any electric distribution company seeking to claim stranded costs shall, in accordance with this subsection, mitigate such costs to the fullest extent possible. Prior to the approval by the authority of any stranded costs, the electric distribution company shall show to the satisfaction of the authority that the electric distribution company has taken all reasonable steps to mitigate to the maximum extent possible the total amount of stranded costs that it seeks to claim and to minimize the cost to be recovered from customers. Mitigation shall include: (A) Except to the extent provided in collective bargaining agreements or agreements to purchase generation assets entered into prior to July 1,

1998, the obtaining of written commitments from purchasers of generation facilities divested pursuant to section 16-244g, that the purchasers will offer employment to persons who were employed in nonmanagerial positions by a divested generation facility at any time during the three-month period prior to the divestiture, at levels of wages and overall compensation not lower than the employees' lowest level during the six-month period prior to the date the contract to divest the asset was entered into; (B) good faith efforts to negotiate the buyout, buydown or renegotiation of independent power producer contracts and purchased power contracts approved by the Federal Energy Regulatory Commission, provided the fixed present value of any contract to which a political subdivision of the state is a party shall be calculated using the political subdivision's tax-exempt borrowing rate as the discount rate; and (C) the reasonable costs of the consultants appointed to conduct the auctions of generation assets pursuant to section 16-244g. Mitigation may include, but is not limited to, reallocation of depreciation reserves to existing generation assets to the extent consistent with generally accepted accounting principles; reduction of book assets by application of net proceeds of any sale of existing assets; maximization of market revenues from existing generation assets; efforts to maximize current and future operating efficiency, including appropriate and timely maintenance, trouble shooting, aggressive identification and correction of potential problem areas; voluntary write-offs of above-market generation assets; the decision to retire uneconomical generation assets and efforts to divest generating sites at market prices reflective of best use of sites. Mitigation shall not include any expenditures to restart a nuclear generation asset that was not operating for reasons other than scheduled maintenance or refueling at the time such expenditure was made. Any mitigation efforts and associated costs shall be subject to approval by the authority.

(2) The authority shall allow the cost of such mitigation efforts to be included in the calculation of stranded costs to the extent that such mitigation costs are reasonable relative to the amount of the reduction in stranded costs resulting from the mitigation.

(d) An electric distribution company shall submit to the authority an application for recovery of that portion of generation-related regulatory assets, long-term contract costs, generation assets and mitigation costs which are determined by the authority in accordance with subsections (c), (e), (f) and (g) of this section and subdivision (1) of subsection (e) of section 16-244g. The application shall include a description of mitigation efforts and a request for recovery through the competitive transition assessment and may include a request for a financing order. The authority shall hold a hearing for each electric distribution company and issue a finding of the calculation of stranded costs in a time frame that allows for collection of the competitive transition assessment to begin on January 1, 2000. Any hearing shall be conducted as a contested case in accordance with chapter 54.

(e) The authority shall calculate the stranded costs for generation-related regulatory assets to be their book value as of January 1, 2000. In calculating the value of generation-related regulatory assets that are being provided in a lump sum as the result of a funding with the proceeds of rate reduction bonds, the authority shall adjust the value of each such asset to reflect the time value of such lump sum, if any.

(f) (1) The authority shall calculate the stranded costs for long-term contract costs that have been reduced to a fixed present value through the buyout, buydown, or renegotiation of independent power producer contracts and purchased power contracts approved by the Federal Energy Regulatory Commission as such present value. In making such calculation, the authority shall net purchased power contracts approved by the Federal Energy Regulatory Commission that are below market value against any such contracts that are above-market value.

(2) The authority shall calculate the stranded costs for any portion of a long-term contract cost that has not been reduced to a fixed present value by comparing the contract price to the market price at least annually. In making such calculation, the authority shall net purchased power contracts approved by the Federal Energy Regulatory Commission that are below market value against any such contracts that

are above-market value. The costs described in this subdivision shall be included in the competitive transition assessment pursuant to section 16-245g, as amended by this act, but shall not be included in any funding with the proceeds of rate reduction bonds.

(g) The authority shall calculate the stranded cost for each generation asset to be the difference between its book value and the market value of a prudently and efficiently managed nonnuclear generating facility of comparable size, age and technical characteristics in a competitive market. In determining the market value of any such asset, the authority may consider (A) the dollars per kilowatt received from the sale of similar generation facilities, if any, (B) income capitalization based on the operating history and capacity of the facility, the market rates for power, and any existing long-term contracts for the sale of power or capacity, (C) independent market appraisals, or (D) other relevant factors. The authority shall calculate the stranded costs for generation assets at least every three years. The costs described in this subsection shall be included in the competitive transition assessment pursuant to section 16-245g, as amended by this act, but shall not be included in any funding with the proceeds of rate reduction bonds.

(h) (1) On or before January 1, 2004, an electric distribution company may submit to the authority an application for recovery of that portion of nuclear generation assets which is determined by the authority in accordance with this subsection, which application shall include a request for recovery through the competitive transition assessment. The authority shall hold a hearing for each electric distribution company and issue a finding of the calculation of such nuclear generation assets in accordance with the provisions of this subsection. Any hearing shall be conducted as a contested case proceeding in accordance with chapter 54. The costs described in this subsection shall be included in the competitive transition assessment pursuant to section 16-245g, as amended by this act, but shall not be included in any funding with proceeds of rate reduction bonds.

(2) The authority shall calculate the stranded costs for each nuclear

generation asset that was divested at a price less than book value as described in subdivision (5) of subsection (c) of section 16-244g as the difference between the book value of this asset and the final bid price of the asset. The authority's calculation of stranded costs pursuant to this subdivision shall be final and shall not be subject to further adjustment by the authority.

(3) The authority shall calculate the stranded costs for each nondivested nuclear generation asset described in subdivision (1) of subsection (d) of section 16-244g to be the difference between its book value and the market value of a prudently and efficiently managed nuclear generating facility of comparable size, age and technical characteristics in a competitive market. In determining the market value of any such asset, the authority may consider (A) the dollars per kilowatt received from the sale of similar generation facilities, if any, (B) income capitalization based on the operating history and capacity of the facility, the market rates for power, and any existing long-term contracts for the sale of power or capacity, (C) the provision for decommissioning and related costs to be paid from the **[**systems benefits charge**]** Green Bond Fund as provided in section 16-245*l*, as amended by this act, (D) independent market appraisals, or (E) other relevant factors. At least every four years after the date when the authority issues an initial finding of the calculation of the stranded costs for such nondivested nuclear generation assets as provided in this subdivision until the earlier of (i) the expiration of the collection of the competitive transition assessment, or (ii) the date when such an asset is divested, the authority shall hold a hearing and issue a finding to adjust the stranded cost calculation of each such asset and to adjust the competitive transition assessment accordingly to true up the stranded cost recovery for the difference between the market value projected in such initial finding and the actual market value of a prudently and efficiently managed nuclear generating facility of comparable size, age and technical characteristics during the time period between the initial finding and the adjustment date, provided the second and subsequent adjustments shall reflect the difference during the time period since the most recent true-up. The authority shall calculate the value of each such asset in

accordance with the methodology provided in this subdivision. Any hearing shall be conducted as a contested case in accordance with chapter 54.

(4) After the authority has calculated the total value of stranded costs for all nuclear generation assets, the authority shall (A) reduce such amount by the net proceeds that are above book value realized by an electric distribution company from the sale of nonnuclear generation assets, (B) reduce such valuation to reflect the total net proceeds that are above book value realized by an electric distribution company from the sale of any nuclear generation assets pursuant to subsection (c) of section 16-244g, and (C) reduce such amount by the net proceeds that are above book value received by an electric distribution company for the sale or lease of any real property after July 1, 1998.

(i) If any net proceeds described in subdivision (4) of subsection (h) of this section remain after the reduction in the calculation of nuclear generation assets pursuant to said subdivision (4) or are realized after said reduction is calculated, the additional amount of such net proceeds shall be netted against long-term contract costs described in subdivision (2) of subsection (f) of this section, and the competitive transition assessment shall be adjusted accordingly.

(j) No electric distribution company shall be eligible to claim any stranded costs for a nuclear generation asset or for any generation-related regulatory asset related to such generation asset, if the generation asset is not operating as a result of an order issued by the United States Nuclear Regulatory Commission that applies specifically to such asset. Any such asset that is not eligible to be claimed as a stranded cost shall be eligible after it is permitted to and has resumed operation and is selling power.

(k) If an electric distribution company elected to transfer any of its nuclear generation assets and related operations and functions to a separate corporate affiliate or to a division that is functionally separate from the electric distribution company pursuant to section 16-244g and subsequently sold any such assets in an arm's length transaction to an

unrelated entity prior to January 1, 2012, the net proceeds realized from such sale that exceed book value for such assets shall be netted against the total amount of stranded costs, and the competitive transition assessment shall be adjusted accordingly and, if appropriate, other reimbursement shall be ordered by the authority.

(l) Storm costs incurred by an electric distribution company shall be paid off with the proceeds of rate reduction bonds, and the costs of the rate reduction bonds, including all principal, interest, premium, costs and arrearages on such bonds, shall be recovered through the competitive transition assessment without reduction, delay or impairment in accordance with subsections (d) and (e) of section 16-245g, as amended by this act, subsection (b) of section 16-245i, as amended by this act, and subsection (b) of section 16-245j, as amended by this act.

(m) Notwithstanding any provision to the contrary, the net benefits of accumulated deferred income taxes relating to amounts that will be recovered through the issuance of rate reduction bonds for storm costs shall be credited to retail customers of electric distribution companies by reducing the amount of such rate reduction bonds that would otherwise be issued by the net present value of the related tax cash flows, using a discount rate equal to the expected interest rate on such rate reduction bonds.

Sec. 37. Subsection (a) of section 16-245f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(a) (1) An electric distribution company shall submit to the authority an application for a financing order with respect to any proposal to sustain funding of conservation and load management and renewable energy investment programs by substituting disbursements to the General Fund from proceeds of rate reduction bonds for such disbursements from the Conservation and Load Management Plan established by section 16-245m, as amended by this act, and from the Clean Energy Fund established by section 16-245n, as amended by this

act, and may submit to the authority an application for a financing order with respect to the following stranded costs: **[**(1)**]** (A) The cost of mitigation efforts, as calculated pursuant to subsection (c) of section 16-245e, as amended by this act; **[**(2)**]** (B) generation-related regulatory assets, as calculated pursuant to subsection (e) of section 16-245e, as amended by this act; and **[**(3)**]** (C) those long-term contract costs that have been reduced to a fixed present value through the buyout, buydown, or renegotiation of such contracts, as calculated pursuant to subsection (f) of section 16-245e, as amended by this act. No stranded costs shall be funded with the proceeds of rate reduction bonds unless **[**(A)**]** (i) the electric distribution company proves to the satisfaction of the authority that the savings attributable to such funding will be directly passed on to customers through lower rates, and **[**(B)**]** (ii) the authority determines such funding will not result in giving the electric distribution company or any generation entities or affiliates an unfair competitive advantage.

(2) An electric distribution company may submit to the authority an application for a financing order with respect to incurred storm costs. Storm costs shall be paid off with the proceeds of rate reduction bonds if the authority determines that the interests of customers are served by such financing for reasons including, but not limited to, a showing that customers would experience lower overall costs as compared to traditional recovery calculated over the same time period, or would mitigate bill impacts to customers as compared with alternative methods of financing or direct rate recovery of such storm costs. The authority shall issue a final decision on such application for financing of storm costs not more than sixty days after its receipt of an application by an electric distribution company for a financing order.

(3) The authority shall hold a hearing for each such electric distribution company to determine the amount of disbursements to the General Fund from proceeds of rate reduction bonds that may be substituted for such disbursements from the Conservation and Load Management Plan established by section 16-245m, as amended by this act, and from the Clean Energy Fund established by section 16-245n, as

amended by this act, and thereby constitute transition property and the portion of stranded costs or storm costs that may be included in such funding and thereby constitute transition property. Any hearing shall be conducted as a contested case in accordance with chapter 54, except that any hearing with respect to a financing order or other order to sustain funding for conservation and load management and renewable energy investment programs by substituting the disbursement to the General Fund from the Conservation and Load Management Plan established by section 16-245m, as amended by this act, and from the Clean Energy Investment Fund established by section 16-245n, as amended by this act, shall not be a contested case, as defined in section 4-166. The authority shall not include any rate reduction bonds as debt of an electric distribution company in determining the capital structure of the company in a rate-making proceeding, for calculating the company's return on equity or in any manner that would impact the electric distribution company for rate-making purposes, and shall not approve such rate reduction bonds that include covenants that have provisions prohibiting any change to their appointment of an administrator of the Conservation and Load Management Plan.

Sec. 38. Section 16-245g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(a) The Public Utilities Regulatory Authority shall assess and beginning January 1, 2000, or a later date determined by the authority in a finance order with respect to any subsequent issuance of rate reduction bonds, impose the competitive transition assessment which shall be imposed on all customers of each electric distribution company to provide funds for the purposes described in subsection (d) of this section. The authority shall hold a hearing that shall be conducted as a contested case in accordance with chapter 54, except as otherwise provided in section 16-245f, as amended by this act, to determine the amount of the competitive transition assessment.

(b) The authority shall consider the effect on all customer rates and other factors relevant to reducing rates in determining the amount of the

competitive transition assessment and the manner in which and the period over which it shall be imposed in any decision of the authority to set or adjust the competitive transition assessment.

(c) The competitive transition assessment shall be determined by the authority in a general and equitable manner and, in accordance with the provisions of subsection (b) of section 16-245f, shall be imposed on all customers at a rate that is applied equally to all customers of the same class in accordance with methods of allocation in effect on July 1, 1998, or a later date determined by the authority in a finance order with respect to any subsequent issuance of rate reduction bonds, provided the competitive transition assessment shall not be imposed on customers receiving services under a special contract which is in effect on July 1, 1998, or a later date determined by the authority in a finance order with respect to any subsequent issuance of rate reduction bonds, until such special contract expires. The competitive transition assessment shall be imposed beginning on January 1, 2000, or a later date determined by the authority in a finance order with respect to any subsequent issuance of rate reduction bonds, on all customers receiving services under a special contract **[**which**]** that is entered into or renewed after July 1, 1998, or a later date determined by the authority in a finance order with respect to any subsequent issuance of rate reduction bonds. The competitive transition assessment shall have a generally applicable manner of determination that may be measured on the basis of percentages of total costs of retail sales of electric generation services. Subject to the provisions of subsection (b) of section 16-245f, the competitive transition assessment shall be payable by customers on an equal basis on the same payment terms and shall be eligible or subject to prepayment on an equal basis. Any exemption of the competitive transition assessment by customers under a special contract shall not result in an increase in rates to any customer.

(d) The authority shall establish, fix and revise the competitive transition assessment in an amount sufficient at all times to: (1) Pay the principal of and the interest and any credit enhancement or premium on rate reduction bonds as the same shall become due and payable; (2)

to pay all reasonable and necessary expenses relating to the financing; and (3) to pay an electric distribution company stranded costs or storm costs that are not funded with the proceeds of rate reduction bonds and interim capital costs determined under subdivision (1) of subsection (e) of section 16-244g.

(e) The competitive transition assessment shall be charged to customers until the rate reduction bonds are paid in full, including all principal, interest, premium, costs and arrearages on such bonds, by the financing entity and stranded costs and storm costs not funded with the proceeds of rate reduction bonds are fully recovered by the electric distribution company. Amounts collected from a customer shall be allocated on a pro rata basis among (1) rates and charges described in subparagraph (A) of subdivision (2) of subsection (a) of section 16-245e, as amended by this act, (2) rates and charges described in subparagraph (B) of subdivision (2) of subsection (a) of section 16-245e, as amended by this act, and (3) other charges. To the extent that the authority, when issuing a financing order, determines that special treatment on customers' bills is necessary or desirable to distinguish rates and charges described in subparagraph (A) of subdivision (2) of subsection (a) of section 16-245e, as amended by this act, from rates and charges described in subparagraph (B) of subdivision (2) of subsection (a) of section 16-245e, as amended by this act, in order to facilitate the successful issuance and sale of rate reduction bonds, it may so provide as part of such financing order.

Sec. 39. Subsection (a) of section 16-245h of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(a) The competitive transition assessment described in subparagraph (A) of subdivision (2) of subsection (a) of section 16-245e, as amended by this act, shall constitute transition property when, and to the extent that, a financing order authorizing such portion of the competitive transition assessment has become effective in accordance with sections 16-245e to 16-245k, inclusive, as amended by this act, and the transition

property shall thereafter continuously exist as property for all purposes with all of the rights and privileges of sections 16-245e to 16-245k, inclusive, as amended by this act, for the period and to the extent provided in the financing order, but in any event until the rate reduction bonds are paid in full, including all principal, interest, premium, costs and arrearages on such bonds. Prior to its sale or other transfer by the electric distribution company pursuant to sections 16-245e to 16-245k, inclusive, as amended by this act, transition property, other than transition property in respect of the economic recovery transfer or in respect to disbursements to the General Fund to sustain funding of conservation and load management and renewable energy investment programs, shall be a vested contract right of the electric distribution company, notwithstanding any contrary treatment thereof for accounting, tax, or other purpose. Transition property in respect of disbursements to the General Fund to sustain funding of conservation and load management and renewable energy investment programs shall immediately upon its creation vest solely in the financing entity. Transition property in respect to the economic recovery transfer shall immediately upon its creation vest solely in the financing entity. Transition property in respect of storm costs shall immediately upon its creation vest solely in the applicable electric distribution company. The electric distribution company shall have no right, title or interest in transition property in respect to the economic recovery transfer or in respect of disbursements to the General Fund to sustain funding of conservation and load management and renewable energy investment programs, and in respect of such transition property shall be only a collection agent on behalf of the financing entity.

Sec. 40. Section 16-245i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(a) The authority may issue financing orders in accordance with sections 16-245e to 16-245k, inclusive, as amended by this act, to fund the economic recovery transfer, to sustain funding of conservation and load management and renewable energy investment programs by substituting disbursements to the General Fund from proceeds of rate

reduction bonds for such disbursements in furtherance of the Conservation and Load Management Plan established by section 16-245m, as amended by this act, and from the Clean Energy Fund established by section 16-245n, as amended by this act, and to facilitate the provision, recovery, financing, or refinancing of stranded costs and storm costs. Except for a financing order in respect to the economic recovery revenue bonds, a financing order may be adopted only upon the application of an electric distribution company, pursuant to section 16-245f, as amended by this act, and shall become effective in accordance with its terms only after the electric distribution company files with the authority the electric distribution company's written consent to all terms and conditions of the financing order. Any financing order in respect to the economic recovery revenue bonds shall be effective on issuance.

(b) (1) Notwithstanding any general or special law, rule, or regulation to the contrary, except as otherwise provided in this subsection with respect to transition property that has been made the basis for the issuance of rate reduction bonds, the financing orders and the competitive transition assessment shall be irrevocable and the authority shall not have authority either by rescinding, altering, or amending the financing order or otherwise, to revalue or revise for rate-making purposes the stranded costs and storm costs, or the costs of providing, recovering, financing, or refinancing the stranded costs and storm costs, the amount of the economic recovery transfer or the amount of disbursements to the General Fund from proceeds of rate reduction bonds substituted for such disbursements in furtherance of the Conservation and Load Management Plan established by section 16-245m, as amended by this act, and from the Clean Energy Fund established by section 16-245n, as amended by this act, determine that the competitive transition assessment is unjust or unreasonable, or in any way reduce or impair the value of transition property either directly or indirectly by taking the competitive transition assessment into account when setting other rates for the electric distribution company; nor shall the amount of revenues arising with respect thereto be subject to reduction, impairment, postponement, or termination.

(2) Notwithstanding any other provision of this section, the authority shall approve the adjustments to the competitive transition assessment as may be necessary to ensure timely recovery of all stranded costs and storm costs that are the subject of the pertinent financing order, and the costs of capital associated with the provision, recovery, financing, or refinancing thereof, including the costs of issuing, servicing, and retiring the rate reduction bonds issued to recover stranded costs and storm costs contemplated by the financing order and to ensure timely recovery of the costs of issuing, servicing, and retiring the rate reduction bonds issued to sustain funding of conservation and load management and renewable energy investment programs contemplated by the financing order, and to ensure timely recovery of the costs of issuing, servicing and retiring the economic recovery revenue bonds issued to fund the economic recovery transfer contemplated by the financing order.

(3) Notwithstanding any general or special law, rule, or regulation to the contrary, any requirement under sections 16-245e to 16-245k, inclusive, as amended by this act, or a financing order that the authority take action with respect to the subject matter of a financing order shall be binding upon the authority, as it may be constituted from time to time, and any successor agency exercising functions similar to the authority and the authority shall have no authority to rescind, alter, or amend that requirement in a financing order. Section 16-43 shall not apply to any sale, assignment, or other transfer of or grant of a security interest in any transition property or the issuance of rate reduction bonds under sections 16-245e to 16-245k, inclusive, as amended by this act.

(c) The authority shall provide in any financing order for a procedure for the timely approval by the authority of periodic adjustments to the competitive transition assessment that is the subject of the pertinent financing order, as required by subdivision (2) of subsection (b) of this section. The procedure shall require the authority to determine whether the adjustments are required on **[**each anniversary of the issuance of the financing order**]** an annual basis, and at the additional intervals as may be provided for in the financing order, and for the adjustments, if

required, to be approved within ninety days of [each anniversary of the issuance of the financing order, or of each additional interval] the filing of each adjustment or within such shorter period as may be provided for in the financing order.

Sec. 41. Subsections (b) and (c) of section 16-245j of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(b) Except as otherwise provided in this subsection, the state of Connecticut does hereby pledge and agree with the owners of transition property and holders of and trustees for rate reduction bonds that neither the state nor any agency of the state shall [neither] limit, [nor] alter, amend, reduce or impair the competitive transition assessment, transition property, financing orders, and all rights thereunder until the obligations, together with the interest thereon, are fully met and discharged, provided nothing contained in this subsection shall preclude the limitation or alteration if and when adequate provision shall be made by law for the protection of the owners, [and] holders and trustees. The finance authority as agent for the state is authorized to include this pledge and undertaking for the state in these obligations.

(c) (1) Financing orders and rate reduction bonds shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof, other than the financing entity, shall not constitute a pledge of the full faith and credit of the state or any of its political subdivisions, other than the financing entity, but shall be payable solely from the funds provided under sections 16-245e to 16-245k, inclusive, as amended by this act, and shall not constitute an indebtedness of the state within the meaning of any constitutional or statutory debt limitation or restriction and, accordingly, shall not be subject to any statutory limitation on the indebtedness of the state and shall not be included in computing the aggregate indebtedness of the state in respect to and to the extent of any such limitation. This subsection shall in no way preclude bond guarantees or enhancements pursuant to sections 16-245e to 16-245k, inclusive, as amended by this act. All rate reduction

bonds shall contain on the face thereof a statement to the following effect: "Neither the full faith and credit nor the taxing power of the State of Connecticut is pledged to the payment of the principal of, or interest on, this bond."

(2) The issuance of rate reduction bonds under sections 16-245e to 16-245k, inclusive, as amended by this act, shall not directly, indirectly, or contingently obligate the state or any political subdivision thereof to levy or to pledge any form of taxation therefor or to make any appropriation for their payment.

(3) The exercise of the powers granted by sections 16-245e to 16-245k, inclusive, as amended by this act, shall be in all respects for the benefit of the people of this state, for the increase of their commerce, welfare, and prosperity, and as the exercise of such powers shall constitute the performance of an essential public function, neither the finance authority, any electric distribution company, any affiliate of any electric distribution company, any financing entity, or any collection or other agent of any of the foregoing shall be required to pay any taxes or assessments upon or in respect of any revenues or property received, acquired, transferred, or used by the finance authority, any electric distribution company, any affiliate of any electric distribution company, any financing entity, or any collection or other agent of any of the foregoing under the provisions of sections 16-245e to 16-245k, inclusive, as amended by this act, or upon or in respect of the income therefrom, and any rate reduction bonds shall be treated as issued by or on behalf of a public instrumentality created under the laws of the state for purposes of chapter 229.

(4) (A) The proceeds of any rate reduction bonds, other than economic recovery revenue bonds, shall be used for the purposes approved by the authority in the financing order, including, but not limited to, disbursements to the General Fund in substitution for such disbursements in furtherance of the Conservation and Load Management Plan established by section 16-245m, as amended by this act, and from the Clean Energy Fund established by section 16-245n, as

amended by this act, the costs of refinancing or retiring of debt of the electric distribution company, and associated federal and state tax liabilities; provided such proceeds shall not be applied to purchase generation assets or to purchase or redeem stock or to pay dividends to parent company shareholders or to pay operating expenses other than taxes resulting from the receipt of such proceeds.

(B) The proceeds of any economic recovery revenue bonds shall be used for the purposes approved by the authority in the financing order, including, but not limited to, funding the economic recovery transfer, provided such proceeds shall not be applied to purchase generation assets or to purchase or redeem stock or to pay dividends to shareholders or operating expenses other than taxes resulting from the receipt of such proceeds.

(5) Rate reduction bonds are made and declared (A) securities in which all public officers and public bodies of the state and its political subdivisions, all insurance companies, state banks and trust companies, national banking associations, savings banks, savings and loan associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them, and (B) securities which may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the state for any purpose for which the deposit of bonds or obligations of the state is now or may be authorized.

(6) Rate reduction bonds, other than economic recovery revenue bonds, shall mature at such time or times approved by the authority in the financing order; provided that such maturity shall not be later than December 31, 2011. Economic recovery revenue bonds shall mature at such time or times approved by the authority in the financing order, provided such maturity shall not be later than eight years after the date of issuance, provided such maturity may be extended for economic reasons, upon the advice of the financing entity.

(7) Rate reduction bonds issued and at any time outstanding may, if

and to the extent permitted under the indenture or other agreement pursuant to which they are issued, be refunded by other rate reduction bonds.

Sec. 42. Subsection (l) of section 16-245k of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(l) **[**The authority of the Public Utilities Regulatory Authority to issue financing orders pursuant to sections 16-245e to 16-245k, inclusive, shall expire on December 31, 2008, with respect to bonds other than economic recovery revenue bonds.**]** The authority of the Public Utilities Regulatory Authority to issue financing orders pursuant to sections 16-245e to 16-245k, inclusive, as amended by this act, with respect to economic recovery revenue bonds shall expire on December 31, 2012. The expiration of such authority shall have no effect upon any other financing orders adopted by the Public Utilities Regulatory Authority pursuant to sections 16-245e to 16-245k, inclusive, as amended by this act, or upon any financing orders adopted by the Public Utilities Regulatory Authority pursuant to sections 16-245e to 16-245k, inclusive, as amended by this act, with respect to economic recovery bonds prior to December 31, 2012, or any transition property arising **[**therefrom**]** from any such financing orders, or upon the charges authorized to be levied thereunder, or the rights, interests, and obligations of the electric distribution company or a financing entity or holders of rate reduction bonds pursuant to **[**the**]** any such financing order, or the authority of the Public Utilities Regulatory Authority to monitor, supervise, or take further action with respect to **[**the**]** any such financing order in accordance with the terms of sections 16-245e to 16-245k, inclusive, as amended by this act, and of **[**the**]** any such financing order.

Sec. 43. Section 12-412 of the general statutes is amended by adding subdivision (127) as follows (*Effective July 1, 2025, and applicable to sales occurring on or after July 1, 2025*):

(NEW) (127) Any electricity used at a commercial or industrial property, as defined in section 12-62u.

Sec. 44. (*Effective July 1, 2025*) (a) For the purposes described in subsection (b) of this section, the State Bond Commission shall have the power from time to time to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate two billion four hundred million dollars.

(b) The proceeds of the sale of such bonds, to the extent of the amount stated in subsection (a) of this section, shall be used by the Public Utilities Regulatory Authority for the purpose of administering the Green Bond Fund established pursuant to section 16-245*l* of the general statutes, as amended by this act.

(c) All provisions of section 3-20 of the general statutes, or the exercise of any right or power granted thereby, that are not inconsistent with the provisions of this section are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to this section. Temporary notes in anticipation of the money to be derived from the sale of any such bonds so authorized may be issued in accordance with section 3-20 of the general statutes and from time to time renewed. Such bonds shall mature at such time or times not exceeding twenty years from their respective dates as may be provided in or pursuant to the resolution or resolutions of the State Bond Commission authorizing such bonds. None of such bonds shall be authorized except upon a finding by the State Bond Commission that there has been filed with it a request for such authorization that is signed by or on behalf of the Secretary of the Office of Policy and Management and states such terms and conditions as said commission, in its discretion, may require. Such bonds issued pursuant to this section shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on such bonds as the same become due, and accordingly and as part of the contract of the state with the holders of such bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the State Treasurer shall pay such principal and interest as the same become due.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*July 1, 2025*	New section
Sec. 2	*July 1, 2025*	New section
Sec. 3	*July 1, 2025*	New section
Sec. 4	*July 1, 2025*	New section
Sec. 5	*July 1, 2025*	New section
Sec. 6	*July 1, 2025*	New section
Sec. 7	*July 1, 2025*	New section
Sec. 8	*July 1, 2025*	New section
Sec. 9	*July 1, 2025*	New section
Sec. 10	*July 1, 2025*	New section
Sec. 11	*July 1, 2025*	16-244m(a)(1)
Sec. 12	*July 1, 2025*	16-1(20)
Sec. 13	*July 1, 2025*	New section
Sec. 14	*July 1, 2025*	16-245d(a)(3)
Sec. 15	*July 1, 2025*	New section
Sec. 16	*July 1, 2025*	16-245*l*
Sec. 17	*July 1, 2025*	12-94d(d)
Sec. 18	*July 1, 2025*	16-24a(d)
Sec. 19	*July 1, 2025*	16-243e(b)
Sec. 20	*July 1, 2025*	16-243h
Sec. 21	*July 1, 2025*	16-243v
Sec. 22	*July 1, 2025*	16-245c(e)
Sec. 23	*July 1, 2025*	16-245o(h)(3)
Sec. 24	*July 1, 2025*	16-245w(b) to (d)
Sec. 25	*July 1, 2025*	16-262c(f)
Sec. 26	*July 1, 2025*	16a-38l(b)
Sec. 27	*July 1, 2025*	33-219(b)
Sec. 28	*July 1, 2025*	16a-3m(e)(3)
Sec. 29	*July 1, 2025*	12-264(c)(2)
Sec. 30	*July 1, 2025*	16-243n
Sec. 31	*July 1, 2025*	16-19f(a) and (b)
Sec. 32	*July 1, 2025*	16-243w
Sec. 33	*July 1, 2025*	New section
Sec. 34	*July 1, 2025*	16-245m(d)(1)
Sec. 35	*July 1, 2025*	16-245n(b)
Sec. 36	*July 1, 2025*	16-245e
Sec. 37	*July 1, 2025*	16-245f(a)
Sec. 38	*July 1, 2025*	16-245g

Sec. 39	*July 1, 2025*	16-245h(a)
Sec. 40	*July 1, 2025*	16-245i
Sec. 41	*July 1, 2025*	16-245j(b) and (c)
Sec. 42	*July 1, 2025*	16-245k(l)
Sec. 43	*July 1, 2025, and applicable to sales occurring on or after July 1, 2025*	12-412(127)
Sec. 44	*July 1, 2025*	New section

Statement of Legislative Commissioners:

In Section 1(5), "Electricity" was changed to "Energy" for accuracy; in Section 3(a) "this chapter" was changed to "this section and sections 4 to 10, inclusive of this act" for accuracy; and 3(h), "this chapter" was changed to "sections 3 to 10, inclusive, of this act" for accuracy; Section 18 and Section 24 were removed to avoid redundancy, remaining sections were renumbered and internal references were updated for consistency.

FIN *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 $	FY 27 $
Treasurer, Debt Serv.	GF - Cost	See Below	See Below
Department of Revenue Services	Various - Revenue Loss	100 million	100 million
Public Utilities Regulatory Authority (PURA)	CC&PUCF - Cost	Potential	Potential

Note: Various=Various; GF=General Fund; CC&PUCF=Consumer Counsel and Public Utility Control Fund

Municipal Impact: None

Explanation

The bill makes several changes related to electric rate structures and funding mechanisms; the fiscal impacts are described below.

The bill establishes the Connecticut Energy Procurement Authority (CEPA) and tasks CEPA with a number of responsibilities related to creating a more efficient and cost-effective electric system. The creation of CEPA is not anticipated to result in a cost to the state as the administrative and operating expenses may be paid from the newly created Energy Infrastructure Transition Fund (see Rate Payer Impact below for more details about the new fund).

The bill establishes the Electric Rate Stabilization Fund. The bill requires CEPA to administer the fund. CEPA must develop and apply a method to collect excess electric generation service revenues during lower cost off-peak periods and disburse funds to offset higher priced periods. The bill creates various funding mechanisms for the fund but does not authorize the fund to be invested.

The bill eliminates various requirements related to the systems benefit charge (SBC) and requires programs currently funded through the SBC to be funded instead by the Green Bond Fund. The bill authorizes $2.4 billion in General Obligation bonds for the Green Bond Fund to be administered by the Public Utilities Regulatory Authority (PURA). To the extent bonds are fully allocated when available, total state debt repayment is anticipated to be approximately $3.4 billion over the 20-year duration of the bonds.

Additionally, the bill results in an estimated $100 million revenue loss to the state by exempting electricity used at a commercial or industrial property from state sales and use tax. By fund, the annualized revenue loss is anticipated to be $84.2 million to the General Fund and $7.9 million each to the Special Transportation Fund and the Municipal Revenue Sharing Fund.[1]

It is unclear how PURA's jurisdiction would overlap with the newly created CEPA. However, the bill could result in additional costs to the PURA associated with increased staffing related to additional case hearings, proceedings and reporting requirements contained within the bill.

Rate Payer Impact

There are several mechanisms within the bill that could impact rate payers. However, it is estimated that the various changes within the bill will (on average) result in a potential savings to rate payers.

The bill removes various charges from electric bills, including the SBC, and bonds these charges through the Green Bond Fund. This will reduce rate payer bills. However, the changes to ratepayer bills are effective July 1, 2025, but the bill does not require PURA to disburse Green Bond funds until at least October 1, 2025, the delay in bond funds

[1] By statue, 0.5 percentage points of the 6.35% rate (or 7.87% of collections) is deposited into the Special Transportation Fund and Municipal Revenue Sharing Fund each. The remaining 5.35 percentage points (or 84.25% of collections) is deposited into the General Fund.

could create a shortfall in the various programs. Additionally, the bill does not address how various SBCs will be funded if the cost for programs exceeds $800 million in any given year.

The creation of CEPA could result in increased procurement costs by adding new staffing and programs. Currently, the costs related to CEPA that could be bond funded versus the costs that would ultimately need to be recovered in rates is indeterminate.

The bill creates the Energy Infrastructure Transition Fund that would impose a 7 mill per kilowatt-hour charge on ratepayer bills. This is anticipated to result in a cost of approximately $5.00 per month for the average residential customer.

Grid enhancing technologies can reduce utility capital investment and reduce distribution system costs, which can be reflected as savings to rate payers. Additionally, grid enhancing technologies lower energy costs and improve the benefits of updating and investing in various capital projects by EDC.

The net impact to rate payers would be dependent upon a variety of decisions made by PURA, CEPA and EDC that are outside the immediate scope of the bill.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, terms of bonds, and revenue loss.

OLR Bill Analysis

sSB 1560

AN ACT CONCERNING CONNECTICUT'S ECONOMY, ELECTRICITY AFFORDABILITY AND BUSINESS COMPETITIVENESS AND ESTABLISHING THE CONNECTICUT ENERGY PROCUREMENT AUTHORITY AND THE GREEN BOND FUND.

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§ 9 — ELECTRIC RATE STABILIZATION FUND
Establishes the Electric Rate Stabilization Fund, administered by CEPA, to reduce cost volatility for residential and commercial customers enrolled in standard service electricity plans

§§ 10 & 11 — STANDARD SERVICE PROCUREMENT PLAN
Requires CEPA, rather than PURA's procurement manager, to annually develop a standard service procurement plan; requires CEPA's costs to develop the plan be paid from the Green Bond Fund; and establishes a reporting requirement

§ 12 — NUCLEAR AS CLASS I RENEWABLE
Classifies all nuclear generating facilities in this state, rather than new nuclear facilities, as Class I renewable energy sources

§ 13 — TARIFFS FOR UNCONSUMED ENERGY

Requires credits for energy produced but not consumed to apply to energy supply costs

§ 14 — RESIDENTIAL ELECTRIC BILL FORMAT

Replaces the "public benefits" component on residential electric bills with a general category for other PURA-approved charges

§§ 15-29, 34, 35 & 44 — BONDING FOR PUBLIC BENEFITS CHARGES

Establishes the Green Bond Fund and requires it to pay expenses currently covered under the FMCC, SBC, C&LM, and CEF ("public benefits") on electric ratepayer bills; requires PURA to administer the fund in such a way as to limit its annual expenditures to $800 million and authorizes up to $2.4 billion in new general obligation bonds for the fund

§§ 30-32 — ADVANCED METERING INFRASTRUCTURE AND TIME-OF-USE RATES

Requires EDCs to plan to deploy advanced metering systems by January 1, 2027, and makes cost recovery contingent on compliance with customer education requirements; requires PURA to implement time-of-use rates for residential and commercial customers by October 1, 2026; requires EDCs, competitive suppliers, and aggregators to offer time-of-use pricing options to all customer classes by January 1, 2028

§ 33 — ENERGY INFRASTRUCTURE TRANSITION FUND

Establishes the Energy Infrastructure Transition Fund and requires CEPA to administer it; establishes a 7 mill per kilowatt-hour charge on ratepayer bills to capitalize the fund and allows CEPA to pledge the funds as a security to obtain operating costs; requires EDCs to submit plans and requires CEPA to approve and fund projects in the plans (e.g., infrastructure for smart meters and electric vehicles and distribution system upgrades)

§§ 36-42 — SECURITIZATION OF STORM COSTS

Allows EDCs to recover storm costs, including through securitization, which is a financing method that converts a revenue stream into a marketable security

§ 43 — SALES AND USE TAX EXEMPTION

Exempts electricity used at a commercial or industrial property from state sales and use tax

SUMMARY

This bill makes wide-ranging changes in laws concerning electric utility billing, rate structures, and funding mechanisms, as described in the section-by-section analysis below.

EFFECTIVE DATE: July 1, 2025, and the sales and use tax exemption (§ 43) is applicable to sales on or after that date.

§ 1 — ENERGY AFFORDABILITY DECLARATION

Declares there is an energy affordability crisis and makes related declarations about current policies and those under the bill

The bill makes a declaration that an energy affordability crisis exists in this state, and it is in the public's interest to adopt policies designed to reduce consumers' electricity costs. It states that electricity rates are impacted by the way transmission and distribution infrastructure costs and operating costs are recovered, and by the way electricity generation services are currently procured.

The bill declares certain policies and structures to be inefficient, such as the difference between average daily use and peak demand usage on the electric system. It also declares that individual customers' solar photovoltaic systems (solar panels) increase rates for other ratepayers.

On the other hand, the bill declares that certain electrification policies can reduce rates by increasing the amount of electricity sold in a way that responds to demand and makes efficient use of distribution and transmission infrastructure. It states that these policies include supporting or encouraging (1) high-voltage, fast-charging electric vehicle infrastructure; (2) commercial and residential customers to convert from heating and cooling systems to heat pumps; and (3) smart meters to enable dynamic electricity pricing structures.

The bill further declares that the Connecticut Electricity Procurement Authority (CEPA), which the bill establishes (see §§ 2-7 below), will serve as the state's central architect in building a more efficient, cost-effective electric system that aligns procurement, grid operations, and customer behavior with affordability, reliability, and decarbonization

goals. It states that, in doing so, CEPA will fill a current systemic gap in the state and (1) operate with a market-oriented mandate, (2) use customer and system load data, (3) help develop dynamic pricing and competitive market tools, and (4) improve the use of infrastructure through smart electric load growth and lower peak electric demand.

§§ 2-8 — CONNECTICUT ELECTRICITY PROCUREMENT AUTHORITY

Establishes CEPA as an entity with a board of directors; gives CEPA certain general authorities as well as commission-specific authorities (e.g., developing dynamic procurement plans and time-of-use tariffs); requires it to establish a consumer advisory panel, have biennial forensic audits, and comply with an annual reporting requirement

CEPA Establishment and General Authority (§§ 3 & 4)

The bill establishes CEPA as a public instrumentality and political subdivision of the state. The bill specifies that CEPA is performing a public and governmental function when using powers granted under the bill. But the bill also specifies that CEPA is not a state department, institution, or agency. (Presumably, this means it is a quasi-public entity, but the bill does not amend the statute that lists those entities (CGS § 1-120) to include CEPA. So, it is unclear whether CEPA would be subject to all the same requirements as quasi-publics, such as state compliance auditing requirements.)

CEPA's necessary and related administrative and operating expenses may be paid from the Energy Infrastructure Transition Fund, which the bill also establishes (see § 33 below). The bill subjects CEPA to the State Contracting Standards Board's oversight and state contracting standards in existing law.

Under the bill, CEPA has perpetual succession as a body politic and corporate. It may:

1. adopt, amend, and repeal bylaws, policies, and procedures to regulate its affairs and conduct its business;

2. adopt and alter a common seal;

3. sue and be sued;

4. enter contracts;

5. perform any acts the act authorizes, through its board members, officers, agents, or employees;

6. acquire, hold, use, and dispose of its money (including income, revenue, and funds);

7. acquire, own, use, lease, operate, dispose of, and improve real property and its interests in it;

8. loan property it owns or controls, including for a fee (e.g., lease it out);

9. borrow money and execute promissory notes in its name;

10. get insurance against property, operation, or asset losses;

11. contract for and receive grants, gifts, loans, property, financial aid, or other aid from any source (including the United States and its agencies or instrumentalities) and to comply with the terms of those contracts or sources of aid;

12. guarantee that any participant in any project will make punctual payments on any indebtedness (including principal and interest) or other contractual obligation associated with the project (the bill does not define "participant" or "project");

13. exercise all powers, except those inconsistent with the state or U.S. constitution, that are reasonably necessary or appropriate to (a) effect its authorized purposes and purposes incidental to them; (b) exercise any of its listed powers; or (c) exercise other powers a private corporation or person might, with respect to their affairs and property and property under their control; and

14. get any state or federal agency consent, authorization, or approval required to enable any projects within CEPA's powers.

Board of Directors (§§ 3 & 6)

The bill establishes a CEPA board of directors and vests CEPA's powers in it. The bill specifies that seven members, as shown in the table below, comprise the board. The board also includes the Department of Energy and Environmental Protection (DEEP) commissioner, or her designee, as an ex-officio member. The governor must appoint the board chair (presumably, from its members). Under the bill, the board members must annually elect a vice chair from the appointed members.

The bill requires initial appointments to be made by January 1, 2026. As shown below, the initial term lengths vary, based on who appointed the board member. After the initial terms, the term length for all members is four years.

Table: Qualifications, Appointing Authority, and Term Length for Each Board Member

Member Qualifications	*Appointing Authority*	*Initial Term*
Owns a Connecticut-based business that is an electric distribution company (EDC) retail customer	Governor	1 year
Expertise in energy conservation and electric demand-side management	House speaker	4 years
Expertise in renewable energy economics and electricity storage financing	Senate president pro tempore	3 years
Background in electric transmission and distribution legal matters	House majority leader	3 years
Experience in tariff design and methodologies for electricity rate-making and revenue recovery	Senate majority leader	4 years
Expertise in wholesale electricity trading	House minority leader	2 years
Experience in data analytics and electric infrastructure investment	Senate minority leader	2 years
DEEP commissioner or her designee	Ex officio member who must attend board meetings	

Before taking office, each board member must take and subscribe the oath of affirmation set out in the state Constitution. A record of each oath must be filed with the Secretary of the State's office.

Compensation. The board may vote to pay its members a reasonable, uniform stipend for their service and to reimburse members for necessary expenses they incur performing their duties.

Vacancies, Reappointments, and Removals. The appointing authorities are responsible for filling vacancies. Members are eligible for reappointment and may hold office until a successor has been appointed and qualifies.

The bill authorizes the governor or appointing authority, as applicable, to remove any member for misfeasance, malfeasance, or willful neglect of duty. However, the bill also states that an appointing authority may only remove a board member for inefficiency, neglect of duty, or misconduct in office. (So, the circumstances under which a board member may be removed are unclear.)

Before members are removed, they must be given (1) written notice, including the reason for removal, at least 10 days beforehand and (2) the opportunity to be heard, in person or by legal counsel, regarding the removal.

Meetings. The bill requires the board to meet at least quarterly. The board may hold additional meetings and public hearings as it deems desirable, at locations in the state it selects.

At least five days before a meeting or public hearing, the board must post notice of it, including where it will be held, and an agenda. Within five days after the meeting or hearing, the board must post minutes for it, including any actions taken, motions made, and resolutions adopted. The board must post all of this information to an internet website that CEPA must develop and maintain.

A majority of members is a quorum. The board may take actions, make motions, and adopt resolutions if a majority of the members present at a meeting vote to do so, unless CEPA's bylaws set a higher threshold to adopt them. The bill allows the board to adopt voting methods for all or specific matters. But the board may only adopt the

method prospectively (ahead of when it will be used) and the method must be specified in the bylaws unanimously adopted by the board.

Employees (§§ 3 & 5)

Hiring and Qualifications. The bill authorizes CEPA's board of directors to hire or appoint a chief executive officer, treasurer, secretary, general counsel, other employees, and others it deems necessary, including agents, consultants, officers, and advisors. The board must determine their (1) required qualifications, (2) terms of office, (3) duties, and (4) compensation.

When selecting these individuals, the board must give preference to people who have experience with wholesale and retail electric procurement and generation services, developing dynamic time-of-use rates, electric load growth strategy development, customer behavior data analytics, electric rate design, electric transmission and distribution planning, advanced electric metering, and economics.

Disqualifying Conflicts. The bill specifies that it is not a disqualifying conflict for a CEPA board member or employee to also be an officer or employee of a municipal electric utility or municipal electric energy cooperative. Under the bill, though, no CEPA employee, officer, or representative may have or acquire a direct or indirect personal interest in any project or property included in any contract for materials or services for CEPA. It also prohibits these individuals from having an interest in any property that is planned to be included in any project as well as any proposed contract. (The bill does not define "project.")

CEPA Authority (§ 4)

As described below, the bill authorizes CEPA to develop a dynamic procurement plan, establish certain incentives, develop and require time-of-use rates, oversee the adoption of smart meters to enable billing for these rates, do certain studies and investigations, and establish a consumer advisory panel.

It also authorizes CEPA to administer the Energy Infrastructure Transition Fund (see also § 33) as well as the Electric Rate Stabilization

Fund to reduce the volatility of electric generation service costs during periods of higher and lower demand throughout the year (see § 9).

Under the bill, CEPA is additionally required to annually develop a standard service procurement plan (see §§ 10 & 11).

Dynamic Procurement. Under the bill, CEPA is authorized to develop and implement a plan that allows "dynamic procurement" of electric generation services, and related wholesale electricity market products, in a way that reduces the average cost of standard service. Any such plan must keep cost volatility for standard service plans within reasonable levels, which CEPA determines.

Incentives. CEPA is additionally authorized to develop and implement policies and incentives to encourage:

1. behind-the-meter distributed solar photovoltaic (solar panel) systems to dispatch energy they generate, in an effort to increase the system load factor (the ratio of the average electric demand to peak electric demand over a given period);

2. alternative air conditioning technologies, including ice storage;

3. smart electric load growth by at least 1% per year; and

4. technologies and policies that will reduce the average annual greenhouse emissions by at least 1.1 million metric tons of carbon dioxide equivalent between 2022 and 2030, in order to meet greenhouse gas reduction goals set in existing law.

Time-of-Use Rates. CEPA may develop, require, and recommend to the Public Utilities Regulatory Authority (PURA) a time-of-use rate tariff structure in which electricity prices vary based on the time of day. This structure may apply for electric generation services and transmission and distribution services and be designed to optimize customers' responsiveness to electric prices by discouraging electricity use during on-peak hours (4:00 p.m. to 7:00 p.m. on weekdays) and encouraging use during off-peak hours (all other times). Under it, on-

peak rates must be at least 300% higher than off-peak rates.

Smart Meters. The bill also authorizes CEPA to mandate and oversee the adoption of smart meters to implement the time-of-use rates. Under the bill, "smart meters" are electric meters that provide real-time electricity consumption data and collect customer-specific interval load data. This data can be used for billing for electric generation services and time-of-use rates, as described above.

CEPA may design a customer education and engagement program, administered by the EDCs (i.e. Eversource and United Illuminating), to inform electric customers about the benefits of smart meters and time-of-use rates. It may also participate in developing time-of-use pricing, to optimize customers' responsiveness to electric prices, and encourage them to load shift (e.g., to off-peak hours). (The bill also requires CEPA to design an EDC-administered customer education and engagement program, see § 8.)

Studies and Reports. The bill gives CEPA authority to undertake certain investigations and studies, specifically to:

1. study and report on electrics customers' usage patterns and the effectiveness of investments in electrification projects and grid-scale electricity storage projects;

2. study and report on methods to promote business growth through policies to grow the electric load; and

3. investigate whether additional electric power sources and supplies are necessary or desirable, and determine (through studies, surveys, and estimates as necessary) the cost and feasibility of using them for an electric procurement portfolio that is sufficient to provide an alternative to standard service and includes contracts with electric generators, suppliers, wholesalers, or aggregators.

In addition to investigating these additional sources, CEPA must also cooperate with municipal and investor-owned utilities (both in and

outside of the state), the regional independent system operator (ISO-New England), and any other person to develop them and other electric power supplies.

Administer the Energy Infrastructure Transition Fund. The bill authorizes CEPA to administer the Energy Infrastructure Transition fund established under the bill (see § 33 below) to:

1. support the adoption of smart meter infrastructure and electric billing system upgrades;

2. upgrade distribution systems and substations;

3. increase electrification of transportation in the state, including incentives for rapid electric vehicle charging stations and the distribution infrastructure to support them;

4. increase the electrification of residential and commercial heating and cooling systems (e.g., incentives to convert to heat pump systems); and

5. install battery storage systems for residential and commercial customers to reduce peak electricity demand.

Consumer Advisory Panel. CEPA may establish a consumer advisory panel to educate electricity consumers on (1) smart meters, including data access and functionality; (2) opportunities to reduce their electricity costs through time-of-use rates; (3) opportunities to reduce their impact on greenhouse gas emissions and the installed capacity payments that are part of the federally mandated congestions charges; and (4) other opportunities for consumers it sees fit.

Customer Education and Engagement Program (§ 8)

The bill requires CEPA to design a customer education and engagement program and consult with PURA on it. Similar to the consumer advisory panel and customer education and engagement program described above, this program must inform EDC customers of the benefits of smart meters and time-of-use rates and encourage

customers to use them. This program must be administered by the EDCs, upon CEPA and PURA's approval.

The program must:

1. use approved methods of customer outreach, education, and engagement;

2. require EDCs to develop an electronic application that notifies their customers in real time of energy saving opportunities, based on electric transmission and distribution system factors;

3. have objective performance standards for its implementation;

4. require EDCs to report on their compliance with the program's requirements and submit documents or data PURA requires; and

5. include a process under which CEPA certifies EDCs are in compliance with the program.

Forensic Examination (§ 3)

At least biennially (every two years), CEPA must have a certified forensic auditor do a forensic examination. The bill requires the examination to include a review of CEPA's revenues and expenditures for the prior two years. The auditor must submit a report that includes (1) a review of whether CEPA's operating procedures conform with the bill and CEPA's bylaws and (2) recommendations for corrective actions. CEPA must post this report on its website within seven days after receiving it from the auditor.

Under the bill, this auditor is not required to (1) do a full financial audit, (2) submit an opinion regarding financial statements, or (3) submit a management letter.

Reporting (§ 3)

CEPA must annually provide the following to the Energy and Technology Committee:

1. a list of current board members and officers;

2. the most recent audited financial statements, management letter, CEPA reports, and management letter (it is unclear who creates this management letter);

3. CEPA's conflict of interest policy, if it has adopted one;

4. CEPA's bylaws, if the board has adopted any or amended them in the prior year; and

5. a report that lists, for each employee, his or her position and the salary, wages, and fringe benefits paid to him or her.

§ 9 — ELECTRIC RATE STABILIZATION FUND

Establishes the Electric Rate Stabilization Fund, administered by CEPA, to reduce cost volatility for residential and commercial customers enrolled in standard service electricity plans

The bill establishes the Electric Rate Stabilization Fund. The bill requires CEPA to administer the fund to reduce volatility in electric generation service costs for state residents and businesses on standard service plans. (Standard service is the energy supply sold to eligible electric customers who do not choose to buy electricity through a third-party energy supplier.)

CEPA must develop and apply a method to collect excess electric generation service revenues during lower cost off-peak periods, on both a seasonal and hourly bases, and disburse funds to offset higher priced periods (peak summer and winter months) to help ensure electric generation prices are stable for all customer classes of ratepayers. (Presumably, excess revenues are collected into and disbursed from the fund. However, it is unclear what excessive revenues customers would be paying during lower cost off-peak periods.)

Funding

The bill specifies funding for the fund must come from:

1. assessments on power purchase agreements CEPA approves;

2. allocations from any federal funds designated for energy cost stabilization, grid resilience, or consumer relief;

3. voluntary contributions from EDCs; and

4. interest from fund investments.

Although the bill specifies investment interest as funding source, the bill does not explicitly authorize the fund to be invested.

Reporting and Fund Review

CEPA must annually submit a report to the Energy and Technology Committee by January 1. The report must detail the fund's financial status, revenue sources, disbursements made from it, and recommendations for future appropriations or modifications.

The Office of Policy and Management, coordinating with CEPA, must do a biennial review of the fund to assess its effectiveness in stabilizing electric rates and recommend any necessary adjustments to the statutes or regulations.

§§ 10 & 11 — STANDARD SERVICE PROCUREMENT PLAN

Requires CEPA, rather than PURA's procurement manager, to annually develop a standard service procurement plan; requires CEPA's costs to develop the plan be paid from the Green Bond Fund; and establishes a reporting requirement

Standard Service Plan

Under current law, PURA's procurement manager must annually develop a procurement plan, approved by PURA through an uncontested proceeding, for electric generation services and related wholesale electricity market products. The procurement plan must allow EDCs to manage a portfolio of these contracts in a way that reduces the average cost of standard service, while maintaining cost volatility within reasonable levels.

Beginning July 1, 2027, the bill instead requires CEPA to annually develop this procurement plan. CEPA's plan must similarly allow procurements to be done in a way that reduces the average cost of standard service while limiting cost volatility. Unlike current law,

CEPA's process under the bill does not reference EDCs managing a portfolio of contracts. (The bill also retains certain provisions on standard service procurements that make the extent of PURA and EDC involvement in the process under the bill unclear. For example, existing law, unchanged by the bill, requires PURA to set standard service prices for customers and requires EDCs to cooperate with PURA's procurement manager to comply with the procurement plan. Existing law allows PURA to reject bids for standard service contracts and subjects suppliers who fail to fulfill contractual obligations to civil penalties assessed by PURA (CGS § 16-244c).)

As under current law, the bill requires the plan to be developed in consultation with the EDCs, and allows consultation with DEEP's commissioner, a municipal energy cooperative, and others. And, as under current law, the procurement plan must (1) provide for the competitive solicitation for load-following electric service and may allow the use of other contracts (e.g., financial contracts, contracts of varying lengths, or contracts for generation and other electricity market products) and (2) include an explanation of why full requirements contracts, if included in the plan, will benefit standard service customers.

Costs

Under the bill, CEPA's reasonable costs for developing the procurement plan are paid from the Green Bond Fund (see § 16). Under current law, PURA's costs for developing the procurement plan are recoverable through the annual fee assessed on each PURA-regulated utility company. EDCs' costs to develop the plan are recoverable through a bypassable component of the electric rates.

Under both current law and the bill, the costs to procure standard service are paid solely by customers on the standard service plan.

Reporting Requirement

The bill requires CEPA to annually report on the plan and its implementation to the Commerce; Energy and Technology; and

Finance, Revenue and Bonding committees.

Background — Related Bill

sSB 1194, favorably reported by the Energy and Technology Committee, allows EDCs to use energy or related products purchased under the zero-carbon procurement, or any other approved agreement, to provide standard service.

§ 12 — NUCLEAR AS CLASS I RENEWABLE

Classifies all nuclear generating facilities in this state, rather than new nuclear facilities, as Class I renewable energy sources

Under current law, nuclear facilities built on or after October 1, 2023, are Class I sources, regardless of whether they are located in the state. The bill instead makes all nuclear power generating facilities in this state (i.e. Millstone Power Station) Class I renewable energy sources.

By classifying these nuclear facilities as Class I, the bill generally allows EDCs and electric suppliers to use the energy and renewable energy credits (RECs) generated by these technologies to meet their Class I requirements under the state's renewable portfolio standards (RPS) law (CGS § 16- 245a). It also allows these facilities to (1) participate in certain procurements administered by DEEP (e.g., CGS §§ 16a-3f & -3i) and (2) be exempt from municipal building permit fees if the municipality adopts an ordinance to exempt them (CGS § 29-263).

§ 13 — TARIFFS FOR UNCONSUMED ENERGY

Requires credits for energy produced but not consumed to apply to energy supply costs

The bill sets certain requirements for tariffs that include a credit for the energy produced by a facility but not consumed (presumably, by the customer). In the utility context, a "tariff" is a set of rules governing how a product is purchased or sold. For these tariffs, the bill requires that the credit be allowed against energy supply costs but not against any costs associated with the delivery of electric service to the customer (e.g., distribution, transmission, and combined public benefit costs).

These requirements apply to any tariff approved or set in a PURA proceeding on or after July 1, 2025. The bill specifies that it does not

require any changes to tariffs PURA approved before that date. Under current law, tariffs governing credits for excess energy include renewable energy tariffs (e.g., the Nonresidential Renewable Energy Solutions (NRES) or Residential Renewable Energy Solutions (RRES) programs) (CGS § 16-244z).

§ 14 — RESIDENTIAL ELECTRIC BILL FORMAT

Replaces the "public benefits" component on residential electric bills with a general category for other PURA-approved charges

Current law requires EDCs to use four categories as part of their standard residential electric bill: (1) generation, (2) local distribution, (3) transmission, and (4) charges related to systems benefits and PURA-approved federally mandated congestion charges (FMCC) ("public benefits"). The bill eliminates the public benefits category and instead requires a category related to any other charges PURA approves under any law. EDC residential bills must reflect this change by August 1, 2025.

§§ 15-29, 34, 35 & 44 — BONDING FOR PUBLIC BENEFITS CHARGES

Establishes the Green Bond Fund and requires it to pay expenses currently covered under the FMCC, SBC, C&LM, and CEF ("public benefits") on electric ratepayer bills; requires PURA to administer the fund in such a way as to limit its annual expenditures to $800 million and authorizes up to $2.4 billion in new general obligation bonds for the fund

Green Bond Fund (§§ 16 & 44)

The bill requires PURA to establish and administer the Green Bond Fund to pay expenses incurred in connection with programs that (1) benefit the operation of the electric grid in the state, (2) promote energy efficiency, and (3) benefit ratepayers. PURA must develop and implement a methodology to disburse funds to pay for these expenses by October 1, 2025. The bill requires PURA to administer the fund in such a way as to limit its annual expenditures to $800 million.

The bill authorizes up to $2.4 billion in new general obligation bonds for PURA to administer the Green Bond Fund. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

Under the bill, the Green Bond Fund must be used to pay expenses

that are currently covered under the "public benefits" charge on ratepayers' bills (meaning the FMCC, systems benefit charge (SBC), conservation and load management (C&LM) charge, and a charge for the Clean Energy Fund (CEF)), as described below.

Federally Mandated Congestion Charges (FMCC) (§§ 15 & 28)

Starting October 1, 2025, the bill requires costs associated with the FMCC to be removed from consumer electric bills and paid from the Green Bond Fund, regardless of other energy laws. By law, the FMCC includes the following:

1. federally approved costs (e.g., locational marginal pricing, locational installed capacity payments);

2. PURA-approved costs to reduce FMCCs; and

3. reliability must run contracts.

In practice, the FMCC also includes, among other things, costs associated with (1) generation resources authorized under PA 11-80, § 127; (2) renewable energy tariffs (NRES, RRES, and the Shared Clean Energy Facility program); (3) contracts with certain generation plants authorized under PA 05-01 and PA 07-242; and (4) power purchase agreements (PPAs) selected in various solicitations for energy sources (e.g., those authorized under PA 13-303 and PA 17-144).

The bill explicitly requires PPAs associated with PA 17-3, June Special Session, to be paid from the Green Bond Fund. This act authorized a procurement for zero-carbon facilities that resulted in PPAs with nuclear power generators (e.g., Millstone Power Station) and other projects (e.g., offshore wind and solar projects). For this procurement, current law requires EDCs to recover the agreement's net costs on a timely basis through a nonbypassable, fully reconciling component of electric rates for all electric customers, and credit customers for the agreement's net revenues through the same rate component.

Systems Benefits Charge (SBC) (§§ 16-23)

Current law requires PURA to (1) establish, and EDCs to collect, an SBC imposed on all customers and (2) hold a hearing as a contested case under the Uniform Administrative Procedures Act (UAPA) to set the SBC amount. The bill eliminates these requirements and requires programs currently funded through the SBC to be funded instead by the Green Bond Fund, including, among other things:

1. hardship protection measures (e.g., winter shutoff moratoria, matching payment programs, and payments to legal services organizations), energy assistance, fuel bank, and weatherization programs and services (CGS § 16-262c & -262d);

2. a residential furnace and boiler replacement program;

3. low-income discount rates; and

4. $2.1 million annual payments to Operation Fuel.

The bill correspondingly removes the SBC from provisions on net metering rates for customers with larger systems (§ 20) and required disclosures for electric suppliers (§ 23).

Conservation and Load Management (C&LM) Charge (§ 34)

Existing law establishes a process for EDCs, in consultation with gas companies, to submit a C&LM plan every three years to the Energy Efficiency Board, and ultimately DEEP, for approval. Services provided under the plan (e.g., energy conservation measures) must be available to all customers.

Current law requires PURA to ensure the plan is funded through fully reconciling conservation adjustment mechanisms (CAM) of (1) up to 6 mills per kilowatt-hour for electricity sold to each EDC customer and (2) up to 4.6 cents per hundred cubic feet for each gas company. The bill eliminates these CAM requirements and instead requires the Green Bond Fund to pay for C&LM plan costs.

Clean Energy Fund (CEF) (§ 35)

Current law requires PURA to assess a charge of at least one mill per

kilowatt-hour for each end user of electric services in the state to be deposited in the CEF. The Green Bank administers the fund to support clean energy projects. The bill instead requires PURA, starting July 1, 2025, to deposit funds from the Green Bond Fund into the CEF in amounts PURA determines necessary for the CEF's operation.

Gross Earnings Tax (§ 29)

By law, EDCs pay a quarterly gross earnings tax of 6.8% for earnings from providing services to residential customers and 8.5% for earnings from providing services to all other customers.

As described above, the bill moves costs under the SBC, the C&LM charge, and the CEF charge to the Green Bond Fund. The bill correspondingly removes amounts collected for these charges from gross earnings for purposes of calculating the tax.

Municipal Utilities and Electric Cooperatives (§§ 22 & 27)

Under current law, any municipal utility that is created or expands its service territory after July 1, 1998, must collect the SBC, a three mills per kilowatt-hour CAM for the C&LM charge, and the CEF charge as PURA prescribes. Current law also establishes similar requirements for electric cooperatives formed after that date. The bill eliminates these requirements.

Exit Fees (§ 24)

Current law requires PURA to design a process to determine exit fees for customers who install self-generation facilities to offset any loss in revenues towards various electric rate components. The bill removes the SBC, C&LM charge, and CEF charge from the revenue these fees must offset.

Comment

Sections removing the SBC (§ 16), C&LM charge (§ 34), and CEF charge (§ 35) from ratepayer bills are effective July 1, 2025, but the bill does not require PURA to disburse Green Bond funds until at least October 1, 2025. Furthermore, authorizing the bond and funding the

Green Bond fund may take longer than is contemplated in the bill, creating a gap or shortfall in funding for these programs.

§§ 30-32 — ADVANCED METERING INFRASTRUCTURE AND TIME-OF-USE RATES

Requires EDCs to plan to deploy advanced metering systems by January 1, 2027, and makes cost recovery contingent on compliance with customer education requirements; requires PURA to implement time-of-use rates for residential and commercial customers by October 1, 2026; requires EDCs, competitive suppliers, and aggregators to offer time-of-use pricing options to all customer classes by January 1, 2028

Advanced Metering Infrastructure

The bill requires each EDC to submit a plan to PURA to deploy an advanced metering system by January 1, 2026. The plan must outline an implementation schedule to fully deploy meters by January 1, 2027, and allow any customer to get a meter upon request after that date.

The bill requires EDCs to use their existing metering systems if these systems support net metering and can track hourly consumption to support proactive customer pricing signals through time-of-use (TOU) rates described below.

The bill requires EDCs pay for the advanced metering system and recover the cost in rates. An EDC may only recover these costs, though, if CEPA has certified the EDC has complied with customer education and engagement program requirements (see § 8), while current metering system costs must continue to be reflected in rates. Advanced metering system costs include costs for meters, support networks, software, and vendors, as well as administrative, installation, and operation and maintenance costs.

TOU Rate Application and Hearing

The bill requires EDCs to apply to PURA by July 1, 2026, to implement TOU rates for residential, commercial, and industrial customers. Under the bill, a TOU rate is an electric utility rate for a class of customer that is designed to reflect the utility's cost to provide electricity to the consumer at different times of day and create enough price elasticity to incentivize targeted electric load growth and system efficiency. The bill requires transmission and distribution TOU rates

submitted by EDCs to:

1. provide for fixed rates across 24-hour cycles based on projected seasonal demand,

2. include on-peak rates that are at least 300% higher than off-peak rates for the period between 4:00 p.m. and 7:00 p.m. on weekdays,

3. based on revenue recovery for hourly kilowatt sales, and

4. not include any demand charge for any rate tariff.

The bill requires the EDCs' applications to propose establishing (1) TOU rates through an approved revenue recovery mechanism and (2) a monthly revenue reconciliation mechanism to recover or refund TOU revenue, as appropriate, through a subsequent billing reconciliation adjustment. The adjustment must adhere to an approved recovery mechanism that adds or deducts from the hourly TOU base rates.

The bill requires PURA to hold a hearing, conducted as a contested case under the UAPA, to approve, reject, or modify the EDCs' applications to implement TOU rates. The bill prohibits PURA from approving TOU rates unless:

1. the rates reasonably reflect the cost of service during their respective TOU periods;

2. CEPA has made an assessment or recommendations on the TOU rates (see § 4);

3. the associated costs, customer impact, and benefits to the utility system justify TOU rate implementation; and

4. the TOU rates change patterns of customer electricity consumption without undue adverse effects on the customer.

The bill requires PURA to consider standards (presumably, for TOU rates) after public notice and hearing and allows PURA to hold the hearing concurrently with other rate structure investigations. PURA

must determine whether implementing these standards is appropriate (i.e. whether it would encourage energy conservation, optimal and efficient facility and resource use by EDCs, and equitable rates for consumers), taking into consideration evidence presented at the hearing.

TOU Rate Implementation

The bill requires PURA to implement TOU rates for residential and commercial customers by October 1, 2026. Under the bill, if PURA does not approve TOU rates by this date, the TOU rates CEPA submitted to PURA are deemed approved. (While the bill authorizes CEPA to mandate, develop, and recommend TOU rate tariff structures to PURA, it does not require or set any deadline for CEPA to do so. Existing law, unchanged by the bill, gives PURA authority over EDC rate setting (CGS § 16-19) and sets a process for appeals under the UAPA).

The bill requires EDCs, competitive suppliers, and aggregators to offer TOU pricing options, including hourly and real-time pricing options, to all customer classes by January 1, 2028.

§ 33 — ENERGY INFRASTRUCTURE TRANSITION FUND

Establishes the Energy Infrastructure Transition Fund and requires CEPA to administer it; establishes a 7 mill per kilowatt-hour charge on ratepayer bills to capitalize the fund and allows CEPA to pledge the funds as a security to obtain operating costs; requires EDCs to submit plans and requires CEPA to approve and fund projects in the plans (e.g., infrastructure for smart meters and electric vehicles and distribution system upgrades)

Fund Establishment and Purpose

The bill establishes the Energy Infrastructure Transition Fund and requires CEPA to administer it to support the following:

1. adoption of smart meter infrastructure and electric system billing upgrades,
2. electric vehicle infrastructure adoption,
3. distribution system and substation upgrades,
4. efforts to increase heating and cooling system electrification, and

5. behind-the-meter battery storage technology deployment.

The bill also allows CEPA to use the fund to pay its administrative and operational expenses.

Adjustment Mechanism and Financial Agreements

The bill requires EDCs to collect from its customers a seven mill per kilowatt-hour energy infrastructure transition adjustment mechanism to capitalize the fund. EDCs must remit the funds they collect monthly to CEPA for deposit in the fund.

The bill authorizes CEPA to enter into agreements for up to 20 years with financial institutions in which CEPA pledges the funds collected through the adjustment mechanism as a security to obtain operating capital through a financial instrument.

The bill requires CEPA to administer the funds in a way that offsets (1) designated infrastructure investments EDCs make and (2) the allowable investments they make under the fund that are approved for recovery through rates.

EDC Energy Infrastructure Transition Plan

The bill requires EDCs to submit an energy infrastructure transition plan to CEPA by December 1, 2025, and every three years after that, to implement smart metering programs and infrastructure upgrades, load settlement and billing system upgrades, distribution system updates, and load factor optimization investments. The bill requires the authorities (presumably, CEPA and PURA) to advise and help the EDCs develop the plan. The bill requires the plan to include a detailed budget sufficient to fund the programs in the plan, in whole, in part, or in increments.

Programs included in the plan may include, among other things:

1. advanced metering infrastructure to collect, store, and use hourly interval usage data on customer electricity consumption to procure, settle, and bill for TOU rates;

2. billing system upgrades that allow an EDC to incorporate TOU rates and accurately bill end-use customers on a monthly basis, if the EDC also publishes each customer's hourly usage and prices on an Internet application customers can access;

3. distribution system and substation infrastructure upgrades to improve or replace existing infrastructure to accommodate additional electric loads (from heat pump conversions, battery storage installations, and electric vehicle charging infrastructure), including performance metrics related to investments and load-growth metrics;

4. residential demand response solutions (e.g., smart inverter controls that allow the EDC to modulate solar facility output based on demand or smart thermostats, water heaters, or electric vehicle chargers that can shift or pause electricity usage to benefit customers based on TOU rates or to reduce electric system demand); and

5. electric vehicle fleet battery dispatch technologies that allow fleets to dispatch stored energy back into the electric grid during peak demand times.

Plan Approval and Payments

The bill requires the plan to be evaluated and selected within an integrated supply and demand planning framework developed by CEPA. The bill requires CEPA to approve, modify, or reject the plan in an uncontested proceeding that includes a public meeting.

Once CEPA approves an EDC's plan, CEPA must (1) help the EDC implement the plan and (2) disburse payments to the EDC in keeping with the plan within 60 days after approving it.

§§ 36-42 — SECURITIZATION OF STORM COSTS

Allows EDCs to recover storm costs, including through securitization, which is a financing method that converts a revenue stream into a marketable security

The bill authorizes the issuance of bonds backed by EDC revenues,

using a process called securitization, to pay for EDC storm costs. The bonds are issued through the state but are not state bond obligations. The law initially authorized securitization under the 1998 restructuring law that required electric utilities to divest their generation. Under that law, securitization allowed electric companies to recover their stranded costs associated with restructuring. It allowed for the issuance of rate reduction bonds, backed by a charge on ratepayer bills (the competitive transition assessment (CTA)).

Under the bill, the issuance of rate reduction bonds for storm costs must follow procedures similar to those that applied to the issuance of bonds to pay off the utilities' stranded costs, as further explained below. Under current law, storm costs are typically recovered from ratepayers as part of a utility's distribution rates, determined in a rate case. The bill also makes minor, conforming, and technical changes.

Storm Costs Determination

The bill allows EDCs to apply to PURA for a financing order (authorizing the issuance of rate reduction bonds) with respect to incurred storm costs. Under the bill, storm costs are (1) an EDC's prudently incurred costs to prepare, restore and respond to storm damage that disrupts the electric system's normal operation, as determined by PURA through a contested case proceeding under the UAPA, and (2) all related fees, expenses, and transaction costs incurred to issue, service, retire, or refinance rate reduction bonds used to pay off storm costs.

The bill requires storm costs to be paid off with the proceeds of rate reduction bonds if PURA determines it serves customers' interests (e.g., if customers would experience lower overall costs compared to traditional recovery calculated over the same time period, or if this form of financing would mitigate impacts to their bills when compared to alternative financing methods or direct rate recovery for storm costs). PURA must issue a decision on the EDC's financing order application within 60 days after receiving it.

Under the bill, PURA must hold a hearing, conducted as contested case under the UAPA, for each EDC to determine the portion of storm costs that may be funded through bond proceeds.

The bill requires PURA to calculate storm costs that may be collected through the CTA. The bill also requires EDC storm costs to be paid off with rate reduction bond proceeds and EDCs to recover rate reduction bond costs through the CTA without reduction, delay, or impairment. Costs include principle, interest, premium, and arrearages on the bonds.

The bill requires the amount of bonds that would otherwise be issued to be reduced to account for the net benefits of accumulated deferred income taxes related to amounts that will be recovered through issuing the bonds. Specifically, rate reduction bond amounts must be reduced by the net present value of the related tax cash flows using a discount rate equal to the expected interest rate on the rate reduction bonds.

CTA Determination and Use as Transition Property

The bill requires PURA to hold a contested case hearing under the UAPA to determine the CTA amount and impose the CTA on all EDC customers at a date PURA determines in a financing order.

The CTA must cover (1) the costs of issuing the new bonds as well as the costs of paying the bonds' principal and interest and any premium or credit enhancement and (2) storm costs that are not funded with rate reduction bond proceeds.

The CTA must be charged to customers until (1) the rate reduction bonds are paid in full by the financing entity (see below), including all principal, interest, premium, costs, and arrearages on the bonds, and (2) storm costs (and stranded costs, to the extent any remain) not funded with bond proceeds are fully recovered by the EDC.

By law, the right to receive the CTA used to cover the costs eligible for securitization is called "transition property," which belongs to the EDC. Under the bill, transition property for storm costs vests solely in the applicable EDC immediately upon its creation (generally, when the

financing order becomes effective). The EDC can sell this interest to a financing entity to be used as the basis of securitization bonds. Under current law, the financing entity is the state treasurer or an entity he designates to issue rate reduction bonds or acquire transition property. For storm costs, the bill allows PURA to designate a financing entity in a financing order.

Financing Orders and CTA Adjustments

The bill allows PURA to issue financing orders to facilitate the provision, recovery, financing, or refinancing of storm costs, as existing law allows for stranded costs. PURA can only adopt a financing order upon an EDC's application for one, and only after the EDC consents to all its terms.

Under current law, PURA's authority to issue financing orders for rate reduction bonds expired December 31, 2008. The bill eliminates the expiration date on PURA's authority. The bill also makes clear that previously expired authorizations have no effect on any other financing orders PURA issues.

By law, the financing order and the CTA are irrevocable. The bill specifies that transition property is also irrevocable as a property right. The law prohibits PURA from (1) revising the financing order, (2) revaluing the storm costs for ratemaking purposes, (3) determining that the CTA is unjust or unreasonable, or (4) doing anything to reduce the value of the transition property.

PURA must (1) adjust the CTA to allow timely recovery of all the storm costs it covers and (2) provide a timely process for doing so.

Rate Reduction Bonds and State Pledge

Rate reduction bonds are bonds, notes, or other financial instruments secured by transition property. The bill expands the type of costs rate reduction bond proceeds may cover to include storm costs. (But, existing law, unchanged by the bill, requires rate reduction bonds to have matured by December 31, 2011.) By law, bond proceeds must be used for the purposes PURA approves in the financing order, including

retiring or refinancing debt. Proceeds may not be used to buy generation assets, buy back stock, or pay operating costs (other than taxes on the proceeds). Current law also prohibits using proceeds to pay dividends to shareholders. Under the bill, this prohibition applies specifically to parent company shareholders.

By law, the bonds and the financing order are not state debt, and the bonds must say this on their face. They do not count towards the state's debt limits. They do not make the state or municipalities contingently liable.

By law, the state pledges with the bondholders and the owners of transition property that it will not alter the CTA, transition property, and financing orders, until its obligations have been met. The bill extends this pledge to rate reduction bond trustees. The parties involved in the securitization process are exempt from taxes on the relevant property or revenue. The bonds are treated for state income tax purposes as though a public body had issued them.

Existing law and the bill prohibit PURA from including the existing or newly authorized bonds as debt (1) in determining a utility's capital structure for ratemaking purposes, (2) in calculating its return on equity, or (3) in any way that would harm the utility for ratemaking purposes.

Comment

The bill authorizes securitization of storm costs through rate reduction bonds, but existing law, unchanged by the bill, requires these bonds to have matured by December 31, 2011. Without a conforming change to adjust the maturity date, it is unclear how storm costs could be securitized through this method.

§ 43 — SALES AND USE TAX EXEMPTION

Exempts electricity used at a commercial or industrial property from state sales and use tax

The bill exempts electricity used at a commercial or industrial property from state sales and use tax. By law, "commercial and industrial property" is generally real property used to:

1. sell goods or services (e.g., warehouses, distribution facilities, and retail services) or

2. produce or fabricate man-made goods from raw materials or compound parts.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable
Yea 45 Nay 6 (04/24/2025)